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Reuters

Xu Guoming on television Thursday during sentencing.

3 Sentenced to Death In Shanghai Violence

By Nicholas D. Kristof
New York Times Service

BEIJING — In the first trial of pro-democracy demonstrators since the military crackdown June 4, a court on Thursday sentenced three young men to death for involvement in violence in Shanghai.

The sentences, which can be appealed in the next three days, seem to signal an even harsher policy than expected toward the approximately 1,000 people who are known so far to have been arrested around the nation.

Many of the others who have been arrested are accused of worse crimes, so the sentences on Thursday suggests that the others, too, could face the death penalty.

While executions almost certainly would further strain relations with foreign countries, they would drive home the hard-line message that the Beijing leadership seems determined to convey: disorders will absolutely not be tolerated.

"My guess is we're going to enter into a stage of heavy intimidation to make sure people go back to work and stay at work," said a diplomat in Shanghai. "They've already killed a couple of thousand of people, so what's a couple of thousand more? You've got to look at it from their perspective."

The death penalty is relatively common in China and is often enforced not only against those convicted of murder or assault but also against people involved in large-scale corruption or thefts of large sums of money.

Executions normally are carried out within days of the trial by shooting the condemned person in the back of the head.

The three workers who were sentenced to death Thursday were charged in an incident that began June 6 when demonstrators held a sit-in on a railway line to block traffic as a protest against the crackdown in Beijing.

A train rammed the demonstrators, killing six, and the protesters then attacked and set fire to the train.

No one was killed, but some fire fighters were beaten and the burning of nine rail cars forced the closing of the line for two days.

It was not clear what role each of the three men was alleged to have played in the incident, or what evidence there was for their involvement.

The three apparently were arrested Sunday and convicted Wednesday in a one-day trial. The sentencing was Thursday and was tersely reported by the official Xinhua news agency: "Three criminals who severely damaged transport facilities at a railway crossing were sentenced to death and de-

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Echoes of Destruction In China's Hinterlands

By Richard Bernstein
New York Times Service

CHENGDU, China — Filling nearly a full square block of this city in the Chinese hinterlands is the burned-out rubble of collapsed roofs and melted shutters, of shattered glass and the mangled remains of bicycles and carts.

All of it is testimony to the fact that the violence that gripped Beijing this month was echoed in at least one major provincial city.

Foreigners and the few Chinese willing to talk to reporters these days say events in Chengdu, the capital of Sichuan Province, closely resembled those in Beijing.

The city saw about three weeks of intermittent, large-scale protest demonstrations at the city's main intersection. Students occupied the broad pedestal holding a giant statue of Mao, a spot that is a kind of symbolic city center.

Then, on June 4 and 5, there was a series of angry, violent clashes between demonstrators and armed platoons of police in which several dozen people were killed, by the more conservative estimates.

U.S. consular officials in Chengdu say that on June 5 alone at least 100 seriously wounded people were carried out of the broad intersection in front of the statue where the battle took place.

These days the city wears a double aspect. On one hand, the pattern of everyday life has reasserted itself so fully that in most parts of the city there is little to suggest that an upheaval took place.

The many small restaurants and tea houses are crowded with customers; the free markets are loaded with produce. Sichuan Province was the place where Zhao Ziyang, now all but deposed as China's Communist Party leader, first instituted the economic liberalization later carried out in the rest of the country, and small-scale free enterprise is much in evidence here.

But the wreckage in the center of town, a stone's throw from the Mao statue, is conspicuous evidence of the intensity of recent turmoil. The fire destroyed a large complex of small shops known as the People's Market. It destroyed a medical clinic, a restaurant, a police station, a bicycle repair shop, and most of the city's largest theater.

While a scene of greater violence than most provincial cities, Chengdu demonstrates that the events of the last few weeks represented a revolt against the government that went far beyond Beijing.

Chengdu was not the only city in Sichuan, China's most populous province, to be swept up in the movement for greater democracy. Foreign students in the city of Mianyang, about 160 kilometers (100

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U.S. Gap In Trade Narrows

But Government Shows Concern On Firmer Dollar

The Associated Press

WASHINGTON — The government reported Thursday that the U.S. merchandise trade deficit narrowed dramatically to $8.26 billion in April, its lowest level in nine months.

The U.S. Commerce secretary warned, however, that the strong dollar could halt the progress in reducing the imbalance.

The deficit in April was 13.4 percent lower than the revised March deficit of $9.54 billion, the Commerce Department reported. The department had estimated earlier that the March deficit was $8.86 billion.

The improvement in trade reflected a 0.8 percent increase in exports, to a record $30.57 billion, and a 2.6 percent drop in imports, to $38.84 billion, despite rising prices for foreign oil, the department said.

Commerce Secretary Robert A. Mosbacher said the report was evidence of "continued improvement in U.S. trade performance," but he added a note of caution.

"While the April data are encouraging," he said, "it is always unwise to put too much weight on any one or two months' figures in these volatile statistics.

"The recent strength of the dollar leads us to be concerned about the economy's ability to sustain the excellent trends seen so far."

The Bush administration has been hoping for continued progress on narrowing the trade deficit to spur economic growth. Last year's 21 percent drop in the trade deficit from an all-time high of $152.1 billion in 1987 accounted for nearly half of all U.S. economic growth.

Many analysts are concerned that the deficit could start to widen again because of dollar strength, which makes U.S. goods more expensive on overseas markets and imports cheaper for American consumers.

For the first four months of the year, the deficit was running at an annual rate of $109.4 billion, well below last year's actual deficit of $119.76 billion. The deficit in April was the smallest since an $8.02 billion deficit in July.

"So far this year we're going great guns," said Maury Harris, an economist with PaineWebber Inc. in New York. "But eventually, this higher dollar's going to eat into exports."

Cynthia Latta, an economist with Data Resources Inc. in Lexington, Massachusetts, said that although U.S. businesses had improved their competitive position in the world marketplace, "we're not going to hold on to that competitive position if the dollar continues to rise."

Analysts said the narrowing of the deficit this year, even as foreign oil prices have marched upward, has been partly a reflection of a general slowdown in an economy that is sucking in fewer foreign goods.

Imports fell in April to a seasonally adjusted $38.84 billion, reflecting declines in sales of imported cars, manufactured capital goods and agricultural products.

The drop occurred even though

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Parting Words From Gorbachev on Berlin Wall: 'Nothing Is Eternal'

By Serge Schmemann
New York Times Service

BONN — Wrapping up a triumphant visit to West Germany, Mikhail S. Gorbachev granted Thursday that the Berlin Wall was not necessarily permanent, but he said that it would fall only when conditions that created it fell away.

Though Mr. Gorbachev's visit produced no concessions on the question of Berlin's status, his willingness to address the emotionally charged issue in practical terms was taken by West Germans as evidence of the "new chapter" that the Soviet leader proclaimed in Soviet-West German relations.

Questioned about the wall at his closing news conference, Mr. Gorbachev said: "Nothing is eternal in this world."

"The wall was raised in a concrete situation and was not dictated only by evil intentions," he said. East Germany, he added, decided to build the barrier in 1961 "as its sovereign right, and the wall can disappear when those conditions that created it fall away."

"I don't see a major problem here," he said.

He did not elaborate, and the reference to "conditions" had an echo of the hard-line stance taken by Erich Honecker, the 76-year-old leader of East Germany. But in the past, any talk of the wall was either stonily ignored by the Russians or assailed as "revanchism."

Hans Klein, the government spokesman, termed Mr. Gorbachev's comment on the wall "extremely positive," reflecting a consistent effort by the Germans to frame all facets of the visit in the best possible light. Mr. Klein said the subject of Berlin had been discussed at some length in the three long one-to-one meetings between Mr. Gorbachev and Chancellor Helmut Kohl, but he declined to give any details.

Mr. Gorbachev also did not rule out a resolution of the division of Germany, though he spoke only in broad terms. "Time itself must determine this," he said. "The current situation in Europe was created at a specific time by specific realities, and we are bound by this situation. But we hope that time will resolve this."

[Mr. Gorbachev also expressed concern over the bloody events in China and said that failure of progress there would undermine efforts to ease world tensions, Reuters reported from Bonn.

[It was his first extensive statement on China since the Soviet parliament early this month condemned all outside attempts to put pressure on Beijing and labeled the violent crushing of pro-democracy protests an internal affair.

["We regret some aspects of what has happened," Mr. Gorbachev said when questioned about China at the news conference. Expressing hope that the Chinese renewal drive would not

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Kiosk

Pinochet Calls A Referendum

SANTIAGO (Reuters) — The military president, Augusto Pinochet, called Thursday for a July 30 referendum to approve constitutional changes negotiated with his opponents to ease the transfer to civilian rule in March.

The package of 54 amendments includes the shortening of the presidential term from eight years to four and the lifting of a ban on Marxist parties. The changes will make it easier to modify the military's rigid 1980 constitution.

But the amendments do not address a major opposition demand that General Pinochet, who seized power in a 1973 coup, be barred from continuing as commander in chief of the army after leaving office.

General News

Bonn managed a warm reception for Gorbachev without aggravating U.S. concerns. News Analysis. Page 4.

Rifts are appearing among Palestinians over the long anti-Israel uprising. Page 2.

Travel

The St. Bernard hospice is still at the pass in Switzerland, but the dogs no longer undertake rescue missions. Page 9.

Business / Finance

Tokyo stocks took their largest one day drop this year on fears of rate rises. Page 13.

British Steel's profit soared in its first year as a public concern. Page 15.

Crossword Page 10.

Dow Close	The Dollar in New York	
Down 28.36	DM	1.985
	Pound	1.5455
	Yen	145.80
	FF	6.7365

Agence France-Presse

A Meskhetian mother holding her child and crying amid other refugees who have fled to a camp in Fergana Valley of Uzbekistan to escape ethnic violence. Prime Minister Nikolai I. Ryzhkov said Thursday that local officials were negligent in the rioting. Page 4.

U.S. High Court Rejects A Wider Rights Scope

By Al Kamen
Washington Post Service

WASHINGTON — The Supreme Court declined Thursday to overturn a landmark 1976 civil rights decision, but it narrowed the scope of that ruling in a way that civil rights lawyers said would severely curtail effective enforcement of minority rights.

The court, in an opinion by Associate Justice Anthony M. Kennedy, voted 9 to 0 to leave intact its 1976 Runyon vs. McCrary ruling, despite having called for its re-examination just a year ago. The ruling has been a powerful tool to fight racial discrimination.

However, the court, on a 5-to-4 vote, limited application of the decision in a move that Associate Justice William J. Brennan Jr. described as "needlessly cramped."

The court's decision again narrowed the scope of prior rulings preventing racial discrimination, as it had done in three decisions earlier this year.

Civil rights groups, though relieved the court did not overturn Runyon outright, condemned the ruling, saying it left substantial gaps in what had been effective federal civil rights legislation and would allow blatant and intentional work discrimination to go unpunished.

"This Supreme Court term has been a disaster for all those committed to equal employment opportunity," said Benjamin Hooks and Ralph Neas of the Leadership Conference on Civil Rights.

Civil rights lawyers say that no other federal law provides the same protections as Section 1981 of the Civil Rights Act in cases involving intentional racial discrimination by private persons. In many employment discrimination cases, for example, people may sue under Title VII of the Civil Rights Act of 1964, but that law is less comprehensive and offers no opportunity for a jury trial. In addition, it does not cover employers with fewer than 15 workers.

The court alarmed civil rights advocates last spring when the five-member conservative majority voted to use a seemingly routine employment discrimination case to reconsider the Runyon decision, even though neither side had asked the court to do so.

The court in Runyon banned ra-

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Hope in Africa: U.S. and World Bank Cite Uganda

By Jane Perlez
New York Times Service

KAMPALA, Uganda — As this long-terrorized country has been transformed into a society with large pockets of safety and even vibrancy, it has become a major hope in Africa of the World Bank and the United States.

The three-year-old government of President Yoweri Museveni, who balanced warm relations with both Colonel Moammar Gadhafi of Libya and President Ronald Reagan, has achieved a measure of political stability unknown in this lush land for more than 20 years.

Before Mr. Museveni seized power in 1986, deposing President Milton Obote, the country was terrorized by the excesses of Idi Amin and the civil wars that followed his departure for exile in 1979.

Now many areas of the country, including the capital, are relatively safe for daily life, and the World Bank and the United States both look to Uganda for economic and political improvements that could make it a good example.

This newfound sense of stability in Uganda is a relative thing, growing out of comparisons to the violent and repressive conditions that persisted over many years. Other less shell-shocked societies find much to be alarmed about in the country's present circumstances.

Insurgencies in northern districts persist, Ugandan and Western officials say, but they are not enough to threaten the government. With a population of 15 million, Uganda has reported more cases of AIDS than any other country except the United States, and the epidemic will have a severe effect, donor officials say. But they praise the Ugandan government for divulging rather than denying the AIDS crisis.

"They are well placed to become one of the success stories of Africa," said Grant Slade, the resident representative of the World Bank in Kampala.

"They have natural resources, human resources, they are blessed with land and water and don't have to worry about food." In addition, he said, "they have an enlightened leadership."

Because of these factors, the bank, after winning agreement from the Museveni government on an austerity package, has started to pour funds into Uganda. At a meeting in Paris in October, the bank announced $550 million in new aid for Uganda this year, only a little less than for Ghana, a long-time World Bank favorite in Africa.

At the same time, the U.S. Agency for International Development has almost quadrupled its aid, to $30 million this year from $8 million two years ago. Most critical to a sustained revival of this war-ravaged capital, the agency is helping to untangle the ownership rights to Kampala's swath of crumbled office and shop buildings, in dispute

See UGANDA, Page 2

Reagan the Elder Statesman Becomes Immortal in France

By Mary Blume
International Herald Tribune

PARIS — A scant five months after he rode off into the political sunset, Ronald Reagan officially became an Immortal on Thursday afternoon when he was inducted as a foreign associate member of the Academy of Moral and Political Sciences of the Institut de France.

"I wish I could deliver my entire speech in French as a token of my respect," Mr. Reagan said after a hardy start. "But I admire the beauty of your language too much to do that, especially here in the conscience of French culture."

The ceremony took place under the solemn dome of the former Mazarin chapel, where the Institut holds its receptions.

The Academie des Sciences Morales et Politiques is one of the five branches of the Institut, of which the Academie Francaise is the best known. Members, known collectively as the Immortals, are entitled to wear a gold and green-embroidered black tailcoat, to carry a sword, and to collect between 1,500 francs ($220) and 2,000 francs a month for attending meetings.

Beginning with Thomas Jefferson, six former American presidents have been elected to the Academy of Moral and Political Sciences, the traditional repository for retired heads of state.

An exception was Richard Nixon, more loved in France than in the United States. He was instead made a foreign associate of the Academy of Fine Arts in 1987 for having signed into law a bill allowing taxpayers to take a deduction for contributions to the restoration of Monet's house in Giverny and to the chateau of Versailles.

In the first of several photo opportunities of the afternoon, Mr. and Mrs. Reagan — he in a dark suit, she in a red and black print dress — were welcomed at the entrance of the Institut by Bernard Chenot, the academy's perpetual secretary.

An audience of 400, swelled by TV cameramen and the largest cohort of security guards the Institut has seen, attended the brief ceremony. Guests included Gianni Agnelli of Fiat, Bernadette Chirac, wife of the mayor of Paris, and the widow of the second president of the Fifth Republic, Claude Pompidou.

The ceremony began with a furious drumroll during which the uniformed academicians took their places. Mr. and Mrs. Reagan were seated in Regence-style armchairs, Mr. Reagan flanked by Edwige Avice, minister delegate of foreign affairs, who represented President François Mitterrand.

After welcoming speeches by the academy's president, Albert Brunois, and by Mr. Chenot, during which the name Lafayette was mentioned only once, Mr. Reagan climbed to the dais and, following custom, delivered a eulogy to his predecessor, the Swiss theologian Hans Urs von Balthasar.

Warmingly acknowledging that he had been unfamiliar with the theologian before his election to the academy, Mr. Reagan pointed out that he and the priest had led very different lives. "At the peak of his life he contemplated and quietly wrote of God, man, the radiance of the church," Mr. Reagan said. "At the peak of my life I was surrounded by the noise of crowds and helicopters, by the push of television cameramen and by the jangle of modern political realities."

Still, Mr. Reagan pursued, he and the priest would have found much in common had they ever been able to have a cognac before a fire and talk of an evening. Segueing with a skill that classical French rhetoricians could only admire, Mr. Reagan moved into his favorite current theme, the communications miracle.

"The technology is dazzling," he said. "Did you know that we have the ability right now to transmit the entire contents of the Encyclopaedia Britannica in one second?" Criticizing such countries as Romania and the Soviet Union that deny their citizens access to the new technology, Mr. Reagan said that nonetheless the events this spring in China, Poland, Hungary and even Russia, where Andrei D. Sakharov, a fellow member of the Academy of Moral and Political Sci-

See IMMORTAL, Page 4

Katsumi Kasahara/The Associated Press

Tokyo financial markets were in turmoil Thursday as the dollar passed the 150-yen level, but it sank in New York. Pages 13 and 18.

Rifts Show in Arab Uprising

Lack of Progress With Israel Spurs Talk of Using Guns

By Glenn Frankel
Washington Post Service

JERUSALEM — Fragile Palestinian unity is beginning to crumble after 18 months of civil uprising as the Arabs in the Israeli-occupied territories lose patience with the slow pace of diplomatic progress.

Behind the split is a dispute over the future of the uprising, known as the *intifada*, and whether to start using firearms against Israeli soldiers and settlers.

Palestinians in the occupied territories have generally relied on stones and gasoline bombs. But the calls of Yasser Arafat, head of the Palestine Liberation Organization, for continued restraint are meeting opposition from radical groups and members of Al Fatah, his own guerrilla movement.

"Until now, this has been a white intifada in which Palestinians have done almost all of the dying," said a Palestinian political scientist, Saeb Erakat. "But the name of the game is escalation. If you feel you are dying, and you don't see any light in the tunnel, inevitably you turn to more violence."

Palestinians are starting to fight with each other as well as with Israeli soldiers and settlers — targeting purported collaborators but also well-known PLO supporters and their property.

Last week in the northern village of Yaabad, Khaled Mustafa Hirzallah, a prominent supporter of the moderate wing of Al Fatah, was gunned down by Palestinian radicals. He was branded publicly as a collaborator, but residents said he was killed because he had refused to funnel Fatah funds under his control to radical activist. It was the first time an activist from one nationalist movement has been killed by members of another since the uprising began.

Also in recent weeks, more than three dozen cars of Fatah supporters have been burned or stoned in the Nablus, Ramallah and Jericho areas. While some Palestinians blamed the attacks on collaborators working under the direction of the Israeli Army, others contend they are the work of radicals seeking to intimidate supporters of Mr. Arafat's moderate political line.

Several forces are splintering the Palestinians, according to a longtime U.S. diplomatic observer. One is the stress caused by the uprising, in which 510 Palestinians and 22 Israelis have been killed, and by Israel's security crackdown, which has led many Palestinians to seek more extreme means of retaliation.

Another is the inability of Palestinians to forge a consensus in response to Israel's latest diplomatic initiative. Prime Minister Yitzhak Shamir's peace plan, which includes a call for elections in the occupied territories but rules out any participation by the PLO itself, is patently designed to draw local Palestinians away from the organization, which has its headquarters in Tunis.

The plan has paralyzed PLO supporters, both in the territories and in Tunis, many of whom would like to go for elections but fear the consequences of saying so.

"The questions any election scheme raises — who'll run and who'll get elected and what their relationship will be with Tunis — are far more complex than writing leaflets and conducting an uprising," a U.S. diplomat said. "They expose divisions that always existed but have been submerged."

Israeli pressure is exacerbating this paralysis, observers say. Recent arrests of uprising leaders, coupled with renewed hints that the army is planning a major sweep of activists in the East Jerusalem and Ramallah area, forms form the backbone of the relatively moderate Fatah leadership, make it even less likely that the moderates can come up with a coherent response to Israel's offer.

Al Fatah appears to be splintering into several groups inside the occupied territories, according to informed Palestinians. The main, Arafat-led group is apparently losing support and control to more radical groupings within the organization, as well as to extremist splinter groups and to Hamas, the underground Islamic fundamentalist movement.

A recent call by a member of the PLO Executive Committee, Mohammed Abbas, "to put a rifle in the hand of every Palestinian in the occupied territories" won widespread applause.

The underground Unified Command, which until now has been under the control of moderates, recently urged that an Israeli settler or soldier be killed in reprisal for each Palestinian death.

The call, made in the 40th leaflet distributed by the intifada leadership, was retracted the following day by the PLO headquarters in Tunis. Palestinians say the retraction came after moderate Fatah supporters who met at the East Jerusalem home of a local leader, Feisal Husseini, telephoned a PLO office outside Israel to express their dismay.

Mr. Arafat's supporters deny that the split has become a major problem. They contend that most Palestinians still follow the dictates of the Unified Command and Mr. Arafat, both of whom officially oppose the use of firearms against Israelis. But they concede that anger cannot be controlled indefinitely and that their control of the streets is limited.

"There is a sense of frustration, a feeling that maybe we've put too much trust in the American position," said Jad Isaac, a moderate activist from Beit Sahur. "People feel we've played all our cards — recognized Israel, denounced terrorism, accepted 242 and 338 — but so far we have gotten very little. Arafat still commands respect, but people need to see real progress."

His citation of 242 and 338 was a reference to UN resolutions for an Arab-Israeli settlement implying Arab acceptance of the existence of Israel.

Some Palestinians say the PLO leader's stature already has been seriously damaged.

Sufiyan Khatib, an East Jerusalem supporter of Ahmed Jibril's Syrian-based PLO splinter group, commented: "Arafat did everything the United States asked. He even denied our covenant. If the Israelis are still not ready to speak to Arafat, it means that by the end of this year he will be at the end of his political life."

Mr. Khatib is one of many Palestinians who say increased violence is inevitable if their demands for an independent homeland remain unfulfilled. He warned that such violence would include not only armed attacks on Israelis in the territories but also renewed assaults inside Israel itself and against American and Israeli civilian targets overseas.

Philippe Wojazer/Reuters

MITTERRAND PLEDGES AID FOR POLAND — President François Mitterrand of France met in Gdansk on Thursday with Lech Walesa, the Solidarity leader, after announcing that Paris was resuming credits and rescheduling about a quarter of Warsaw's debt to Paris to encourage moves toward democracy. The credits, the first by a Western nation since martial law was imposed in 1981, are to total 650 million francs and are tied to Poland's acceptance of an austerity program. Solidarity officials have said that Poland needs $10 billion in Western aid.

Belgian Hostage Freed in Lebanon

Reuters

SIDON, Lebanon — A Belgian physician, Dr. Jan Cools, was freed unharmed Thursday after being held hostage for nearly 13 months.

Security sources and witnesses said the 32-year-old doctor was escorted at midday by four armed men to the house of a Muslim militia chief in this southern port.

Radical Palestinian guerrillas led by Abu Nidal played a key role in his release, but they denied that they had been holding him.

Sources at the home of Mustapha Saad, leader of the Sunni Muslim Popular Liberation Army, which controls Sidon, said Dr. Cools seemed in good health apart from being exhausted.

Twenty-two foreigners are missing in Lebanon and most are believed held by Palestinians or Lebanese factions. Of the 22, there are 10 Americans, four Britons, three Iranians, two West Germans, an Egyptian, an Italian and a dual Lebanese-French citizen.

The Libyan-backed Abu Nidal group said on Wednesday it was trying to arrange the release of Dr. Cools and other hostages.

Dr. Cools, a general practitioner working for the Norwegian Aid Committee, was seized May 21, 1988, after he left a Palestinian refugee camp in southern Lebanon.

The abduction was claimed by Soldiers of the Truth, a little-known group that announced on Wednesday it would free him in response to an appeal by Colonel Moammar Gadhafi, the Libyan leader, and mediation efforts by Abu Nidal's Fatah Revolutionary Council.

SICHUAN: *Echoes of Destruction in the Hinterlands*

(Continued from page 1)

miles) north of Chengdu, report that for nearly a month there were demonstrations there, though there have been no reports of violence.

Moreover, the pro-democracy protests in Chengdu drew thousands of supporters from all over the province. People here noted delegations of students occupying the pedestal of the Mao statute from as far west as Aba, near the Tibetan border, as well as from such cities as Leshan and Chongqing in the south.

Since the crackdown in Beijing, reports have circulated elsewhere in China to the effect that Chengdu, whose population, including the surrounding areas, is about four million, was the scene of terrible violence and looting.

One widespread report had it that the city's largest hotel, the Jinjiang, which houses the U.S. Consulate, had been partly burned down.

In fact, a two-day visit to the city revealed no damage to the hotel, which consulate officials said was briefly invaded by looters who apparently had little or nothing to do with the student-led protest movement outside.

But the reports and rumors reaching other parts of China nonetheless do not seem to have done justice to the size of the confrontation that took place in this city or to the number of casualties.

There have been reports of arrests in Chengdu, particularly at the city's several research institutes and universities. On Tuesday night, two uniformed policemen were seen arriving at Sichuan University, where they were reported to be looking for a person whose name was included on a blacklist drawn up by the local public security bureau.

Some people, informed by friends inside the government that their names were on the blacklist, are reported to be expecting arrest. Some are said to be already in hiding.

Like most Chinese provincial cities, Chengdu seems to have taken its cue from Beijing as the protest movement unfolded. Foreigners living here say the first big demonstrations took place on May 16, set off by news that students in Beijing occupying Tiananmen Square had gone on hunger strikes to demand democracy.

Wanting to avoid the attention of school authorities, students at Sichuan University set out at midnight that night and marched the several miles to the center of Chengdu, picking up marchers from other institutions on the route, including the Institute of Science and Technology and the West China Medical School.

The midnight demonstrators, estimated at several thousand, broke through a line of police officers blocking the way to the Mao statue and occupied the area.

When the police forcefully evacuated the area the next morning and bloodied some students, none of them seriously, the move seemed to set off larger demonstrations the following days.

Foreigners estimate the size of some of the crowds that filled the broad avenues in front of the Mao statue at more than 100,000.

The demonstrations were so frequent that they spawned a new elocution. A standard greeting in Chinese is "Have you eaten yet?" In Chengdu during the several weeks of protest, it sometimes became "Have you demonstrated yet?"

One visitor to the city said that citizens donated some $15,000 to help the students. There were demonstrations by journalists, the police, and, as in Beijing, even members of the army.

A group of mostly unemployed people who formed barriers to protect the students occupying the area of the Mao statue were dubbed "Society University."

Visitors to Chengdu at the time of the crackdown of June 4 and 5 say that detachments of armed police officers appeared on the square for the first time on those days.

The armed police units cleared the area around the Mao statue on the morning of June 4. They and the demonstrators clashed sharply several times that day and the day after, with many casualties, according to people who compiled first-hand reports.

Some witnesses to the scene on June 5 said they did not believe that the police fired their weapons, but there was large-scale use of tear gas and beatings of demonstrators with truncheons. Some demonstrators, nonetheless, asserted that hospitals reported at least four persons dying of gunshot wounds.

"Things went crazy," said one visitor to Chengdu. "Sidewalks got ripped up. Construction sites were raided for steel pipes and pieces of wood. There were stones everywhere. The police beat people savagely. The crowd broke all the windows in the city government building when they attacked it. There were hundreds of injuries of all sorts. Buses and trucks were set on fire all over the place, especially near the Mao statue."

UGANDA: *U.S. and World Bank See African Hope*

(Continued from page 1)

since Asian property owners fled after Idi Amin's 1971 coup.

But despite the guarded optimism about Uganda — some statistics show a 5 percent growth rate last year — World Bank officials acknowledge the recovery for an economy that was destroyed in the Amin and Obote governments, will take time and patience.

The country is 90 percent dependent on coffee for its export earnings at a time when prices continue to slump and Uganda's share in the International Coffee Agreement is very small. Efforts to diversity into other agricultural exports — hides, flowers, pineapples — have started haltingly.

But so far, most Ugandans, reveling in their newfound freedom of movement and expression — there is a lively press here — seem willing to wait for the economic betterment that Mr. Museveni constantly urges them to strive for.

"For the last two years, people have not asked Museveni for anything because he has given us peace," said Wafula Oguttu, editor of The Weekly Topic, a newspaper that often takes a critical stand. "Just now people are beginning to ask for economic comfort."

Aside from Mr. Museveni's political pragmatism, Western donors believe that Uganda's abundant agricultural fertility gives the country a basic start that many other African countries lack.

The United Nations Children's Fund does not have a nutrition program in Uganda because malnutrition, as distinct from disease, is not pervasive.

But the life expectancy rate has not improved much in the last two decades. In 1970 the World Bank put life expectancy at 47; by 1987 it had increased to 48. The per capita income in 1987 was $260.

As part of the World Bank austerity program the Ugandans agreed to, there have been several devaluations of the Ugandan currency since 1987. The bank has encouraged the government to increase producer prices and reduce the budget deficit. These measures have reduced inflation from its triple figure rate of two years ago but not as much as banks would like.

Most assuring are the streets. Pervasive fear has disappeared. Sidewalks that emptied at 3 P.M. so workers could scurry home to avoid the nightly shootings, remain crowded until after dusk. Traders in a busy back street, crowded with stalls selling soap, sugar, salt, lotions, cooking utensils, rush about with wads of currency openly carried in their hands.

The bank is encouraged by the government's willingness to go after the corruption that was a legacy of earlier governments and appears, in some areas, to have been scaled down.

The president appointed Augustine Ruzindana as inspector-general of government, a man who concedes there is still too much corruption but who says he has been able to raise the public consciousness.

He said in an interview that "people are no longer proud" to steal from the government. The government opened a commission last month to find ways to cut back the severely overstaffed and underworked civil service.

While Kampala's markets are well stocked, making ends meet remains extremely tough in the city.

In increasing numbers, parents unable to afford even minimal school fees are taking their children out of school. Civil servants who earn an average of 2,000 shillings a month — $10 at the official exchange rate — spend long hours out of the office in second jobs.

Top university lecturers, paid monthly salaries of 5,000 shillings, schedule their classes around vital extracurricular jobs.

The tide of departures that swept the educated classes in the 1970s and well into the 80s has been reversed. Increasing numbers of exiled Ugandans, many of them products of the school and university system that had the reputation as the best in sub-Saharan Africa, have returned.

At the head of the comeback attempt sits President Museveni, 44, one of several modern African leaders who was in school when the colonialists left in 1962.

A graduate of Dar es Salaam University in Tanzania, he remained in exile in the Amin years and then took to the bush in 1981 with 26 colleagues. He captured Kampala in 1986 at the head of a guerrilla force, the National Resistance Movement, and says he is the only guerrilla leader to have toppled an African government.

The president has stressed accountability in the army, dismissed soldiers accused of crimes and punished others, after court martial, with execution.

Seoul to Move Military Office

Reuters

SEOUL — South Korea will move its army and air force headquarters out of Seoul soon, Defense Ministry officials said Thursday.

Beijing Warns Hong Kong Not to Meddle

Reuters

BEIJING — China bluntly warned the people of Hong Kong on Thursday not to interfere in mainland politics by supporting the student-led democracy movement.

The report telling the Chinese residents of the British colony not to meddle was published by the People's Daily, the Communist Party newspaper.

Referring to the Chinese-British agreement on returning Hong Kong to Chinese rule in 1997, the newspaper said: "According to the principle of 'one country two systems,' China will allow Hong Kong to keep its capitalist system unchanged for 50 years after 1997. What views the Hong Kong people express in Hong Kong is their own affair."

But, the newspaper said, "when Hong Kong people come to China, they must respect and follow China's laws."

Reporting on a meeting of members of a legal committee under the National People's Congress, China's legislature, the newspaper accused "some Hong Kong people" of supporting, encouraging and joining anti-government and anti-socialist activities.

CHINA: *3 Are Sentenced to Death*

(Continued from page 1)

prived of political rights by the Shanghai Intermediate People's Court."

The "deprivation of political rights" is of marginal significance, both because of impending execution and because, in any case, political rights in China have limited scope.

The three workers are Xu Guoming, who worked for a Shanghai brewery; Bian Hanwu, unemployed, and Yan Xuerong, a worker at a radio factory. They appeared to be in their 20s or early 30s. None was known as a leader of the anti-government protests in Shanghai.

It may be significant that they were workers, rather than students, because the government has been particularly alarmed about the prospect of workers joining the unrest and going on strike.

Xinhua said that seven other defendants would soon face trial in Shanghai for similar crimes, although it did not say precisely when.

The official news media on Thursday contained little criticism of the United States or of Fang Lizhi, the dissident who has taken refuge in the U.S. Embassy in Beijing. But television news did show a string of newly arrested students and workers.

Among those arrested was Zhang Lin, a 1988 graduate of Qinghua University in Beijing, who was shown — looking composed and bold — being led to a police station by two policeman and subsequently being questioned.

After graduation, Mr. Zhang, 25, returned to his home town of Benbu, in central Anhui Province, to set up an educational program for students and workers. He also held seminars to discuss and promote democracy.

The television news accused Mr. Zhang of having contacts with Mr. Fang. But in an interview two months ago, Mr. Zhang complained about the difficulty of seeing Mr. Fang. He said he had been able to see only Mr. Fang's wife, Li Shuxian.

RIGHTS: *Court Balks on Ruling*

(Continued from page 1)

cial discrimination at private schools, basing its decision on an interpretation of a 123-year-old post-Civil War law that says that all people have the same right "to make and enforce contracts as is enjoyed by white citizens." That right applied not only to government actions but to private contracts.

Thursday, in Justice Kennedy's opinion, the court unanimously backed away from reversing Runyon, saying that "whether Runyon's interpretation" of the 1866 law is right or wrong "Runyon is entirely consistent with our society's deep commitment to the eradication of discrimination based on a person's race or the color of his or her skin."

Justice Kennedy said the legal doctrine of stare decisis — meaning to adhere to what has been decided — required that there be special reasons to overturn a prior ruling and no special justification could be found.

But Justice Kennedy, joined by Chief Justice William H. Rehnquist and Justices Byron R. White, Sandra Day O'Connor and Antonin Scalia, said the 1866 law was limited only to its literal wording regarding making contracts and no more, and did not apply to harassment or other work discrimination by an employer.

That limitation provoked a long dissent by Justice Brennan, who accused the majority of "selecting the most pinched reading" of the law and of "ignoring powerful historical evidence" that the Reconstruction Congress intended a broader scope for the law.

In other action Thursday, the justices gave states and state officials sweeping new protection from federal lawsuits accusing them of civil rights violations.

In a 5-to-4 ruling in a case from Michigan, the court said the states may not be sued under an 1871 law that authorizes damages against "persons" who violate people's civil liberties.

The case involved Michigan's reputed "Red Squad," a special state police unit that monitored college activists until the unit was declared unconstitutional in 1976.

MEMORIAL NOTICE

Jack BELDEN

His family and friends will join in a ceremony of remembrance at 3:15 p.m. June 19 at the crematorium at Père-Lachaise Cemetery, Paris.

WORLD BRIEFS

Paris Won't Free Pro-Iranian Inmate

PARIS (AFP) — Anis Naccache, a pro-Iranian Lebanese jailed for life in France, will not be released under the Bastille Day pardon signed by President François Mitterrand, Justice Ministry sources said Thursday. Iran said this year that his release had been promised as part of a deal by a previous French government in return for the release of French hostages on Lebanon.

The list of 3,091 prisoners being freed over a period of four months does not include terrorists, persons sentenced to life or escaped prisoners, the sources said. The government offers amnesties each year to mark the national day on July 14, which is doubly significant this year because it is the 200th anniversary of the French revolution.

The former prime minister, Mayor Jacques Chirac of Paris, revived a debate over the price his conservative government had agreed to pay last year in exchange for French hostages released in Lebanon when he said that the anniversary might offer "an opportunity" to pardon Mr. Naccache. The prisoner was jailed for taking part in an attempt to kill the former Iranian prime minister, Shahpur Bakhtiar, in 1980. Mr. Bakhtiar survived but two other persons were killed.

Israel Closes an Arab's News Service

JERUSALEM (AP) — The Israeli police on Thursday raided a news service run by Sari Nusseibeh, a Palestinian activist accused by Israel of being a mastermind and PLO paymaster of the Palestinian uprising in the occupied lands.

The authorities ordered the Holy Land Press Service closed for two years. Mr. Nusseibeh said he was told to report to police headquarters for questioning later in the day.

"The office was being used to advance the goals of the PLO and find ways to incite the uprising," said a police spokesman, Uzi Sandori, referring to the 18-month-old Palestinian uprising against Israeli occupation of the West Bank and Gaza Strip.

Gandhi Rejects Pullout in Sri Lanka

NEW DELHI (NYT) — Prime Minister Rajiv Gandhi has categorically rejected a Sri Lankan government request that New Delhi withdraw its 45,000 soldiers from Sri Lanka by the end of July.

Mr. Gandhi linked Indian withdrawal to the granting of more power to Tamil areas in Sri Lanka. In effect he was saying that New Delhi, not Colombo, would decide when Indian troops would leave. He said India saw itself as the protector of Sri Lankan "unity and integrity."

The prime minister's statement comes at a tense time for Indian civilians in Sri Lanka. They have been ordered to leave the country or face the possibility of attacks by a Sinhalese guerrilla organization drawn from the country's ethnic majority. In Colombo, a growing lobby against the Indian presence has called the Indian force an army of occupation.

Puerto Rican Separatist Is Sentenced

HARTFORD, Connecticut (AP) — A Puerto Rican nationalist was sentenced Thursday to 65 years in prison and fined $500,000 for masterminding a $7.1 million robbery at a Wells Fargo depot.

Juan Segarra Palmer, 39, turned to the courtroom, raised his fist and shouted, "*Puerto Rico libre!*" after a U.S. district court judge, T. Emmet Clarie, pronounced the sentence. Mr. Segarra, who had faced up to 165 years in prison, was convicted with three other separatists in April in the theft of the money from Wells Fargo's depot in West Hartford in 1983. Only $80,000 has been recovered.

Prosecutors linked Mr. Segarra to several crimes in Puerto Rico, including two bank robberies, an attack on a U.S. Navy bus that left two sailors dead and the destruction of nine military planes worth $45 million. Mr. Segarra denied he helped plan or execute the Wells Fargo robbery itself. He has acknowledged that he knew about the robbery, but said he received the money to finance the activities of a militant separatist group.

Vietnam and U.K. Spar on Refugees

GENEVA (NYT) — An international conference on Indochinese refugees has ended with Vietnam and Britain failing to resolve a dispute over the forced repatriation of Vietnamese refugees who landed in Hong Kong.

The UN conference has unanimously approved a Comprehensive Plan of Action. It establishes a requirement for screening of refugees, to determine which are seeking political asylum and which are seeking better economic conditions. It endorses voluntary repatriation for those declared economic migrants. But it leaves in suspension what to do with the overwhelming majority of Vietnamese, who are likely to be denied refugee status but refuse to return to their country.

Sir Geoffrey Howe, the British foreign secretary, has demanded that all Vietnamese denied refugee status be repatriated, by force if necessary, starting no later than October. Foreign Minister Nguyen Co Thach of Vietnam, invoking the Universal Declaration of Human Rights, said Vietnam would accept only those who volunteered to be repatriated.

For the Record

Charles W. Freeman Jr., a career diplomat, has been nominated U.S. ambassador to Saudi Arabia. Mr. Freeman, 46, has been deputy assistant secretary of state for African affairs since 1986. If approved by the Senate, he would replace Walter Leon Cutler. *(AFP)*

Vietnam has agreed to reopen talks with the United States on allowing political prisoners and their families to emigrate there, the State Department said on Wednesday. The talks were suspended in August. *(AP)*

India named the former maharajah of Jammu and Kashmir, Karan Singh, 58, as ambassador to the United States on Thursday. He will replace Pratap Kishen Kaul. *(AFP)*

TRAVEL UPDATE

Aeroflot Expands Its Service to U.S.

NEW YORK (Combined Dispatches) — Aeroflot, the Soviet national airline, is expanding its service to the United States, urging Americans to "come experience *glasnost*." The airline said its service from New York and Washington to Moscow had been increased from five flights a week to eight.

The Soviet airline has also reached agreement with the Spanish airline Iberia to set up service between Barcelona and Leningrad, according to Iberia officials. The starting date for that route has not yet been specified.

There are also plans to build about 25 new hotels in the Soviet Union during the next two years, to handle an increase in foreign tourists. To make the plan work, airline officials have said, Aeroflot will have to work to improve its reputation for service and efficiency. *(AP, AFP)*

The United States and the Soviet Union have joined with the rest of the UN Security Council to urge cooperation in making plastic explosives easier to detect. The council has asked all countries to help devise a standard method of marking plastic or sheet explosives as a means of stopping airline terrorism. *(AP)*

WEATHER

	HIGH C	HIGH F	LOW C	LOW F	
EUROPE					
Algarve	—	—	—	—	ns
Amsterdam	25	77	17	63	fr
Athens	26	79	22	72	fr
Barcelona	25	77	19	66	fr
Belgrade	20	68	14	57	fr
Berlin	18	64	13	55	fr
Brussels	25	77	16	61	fr
Budapest	19	66	13	55	fr
Copenhagen	17	63	15	59	fr
Costa Del Sol	27	81	20	68	fr
Dublin	19	66	11	52	fr
Edinburgh	17	63	10	50	fr
Florence	27	81	14	61	fr
Frankfurt	25	77	14	61	fr
Geneva	24	75	15	59	fr
Helsinki	11	52	8	46	cl
Las Palmas	25	77	20	68	fr
Lisbon	—	—	18	64	fr
London	25	77	16	61	cl
Luxembourg	24	75	17	63	fr
Madrid	27	81	16	61	fr
Milan	26	79	20	68	fr
Moscow	17	63	14	57	cl
Munich	21	70	11	52	fr
Nice	—	—	—	—	ns
Oslo	14	61	13	55	fr
Paris	—	—	—	—	fr
Prague	17	63	13	55	cl
Reykjavik	12	54	8	46	cl
Rome	25	77	18	64	fr
Stockholm	18	64	11	52	fr
Strasbourg	—	—	—	—	fr
Venice	23	73	17	63	fr
Vienna	20	68	11	52	fr
Warsaw	15	59	10	50	fr
Zurich	22	72	12	54	fr
MIDDLE EAST					
Ankara	33	72	13	55	fr
Cairo	32	90	—	—	fr
Istanbul	22	72	22	72	fr
Jerusalem	24	75	17	63	fr
Tel Aviv	27	81	19	66	fr
OCEANIA					
Auckland	—	—	—	—	ns
Sydney	—	—	—	—	ns

	HIGH C	HIGH F	LOW C	LOW F	
ASIA					
Bangkok	34	93	26	79	
Beijing	32	90	20	68	
Hong Kong	31	88	27	81	
Manila	33	91	26	79	
New Delhi	—	—	—	—	
Seoul	23	73	19	66	
Shanghai	29	84	23	73	
Singapore	32	90	27	81	
Taipei	32	90	27	81	
Tokyo	23	73	19	66	
AFRICA					
Algiers	28	82	15	59	
Cape Town	25	77	6	43	
Casablanca	28	82	19	66	
Harare	19	66	10	50	
Lagos	—	—	—	—	
Nairobi	27	81	14	57	
Tunis	27	81	—	—	
LATIN AMERICA					
Buenos Aires	—	—	—	—	
Lima	—	—	—	—	
Mexico City	27	81	14	57	
Rio de Janeiro	—	—	—	—	
NORTH AMERICA					
Anchorage	14	57	9	48	
Atlanta	32	90	19	66	
Boston	15	59	14	57	
Chicago	16	61	10	50	
Denver	30	86	14	57	
Detroit	19	66	12	54	
Honolulu	31	88	23	73	
Houston	30	86	18	64	
Los Angeles	22	72	16	61	
Miami	33	91	25	77	
Minneapolis	22	72	10	50	
Montreal	19	66	12	54	
Nassau	32	90	24	75	
New York	19	66	16	61	
Phoenix	43	109	28	82	
San Francisco	19	66	12	54	
Seattle	17	63	12	54	
Toronto	27	81	19	66	
Washington	30	86	21	70	

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Slight. **FRANKFURT:** Fair. Temp. 25 — 12 (77 — 54). **LONDON:** Fair. Temp. 24 — 13 (75 — 55). **MADRID:** Fair. Temps. 31 — 14 (88 — 57). **NEW YORK:** Showers. Temp. 23 — 17 (73 — 63). **PARIS:** Fair. Temps. 24 — 14 (75 — 57). **ROME:** Fair. Temp. 25 — 15 (77 — 59). **TEL AVIV:** Fair. Temps. 33 — 18 (91 — 64). **ZURICH:** Fair. Temps. 22 — 11 (72 — 52). **HONG KONG:** Fair. Temps. 31 — 27 (88 — 81).

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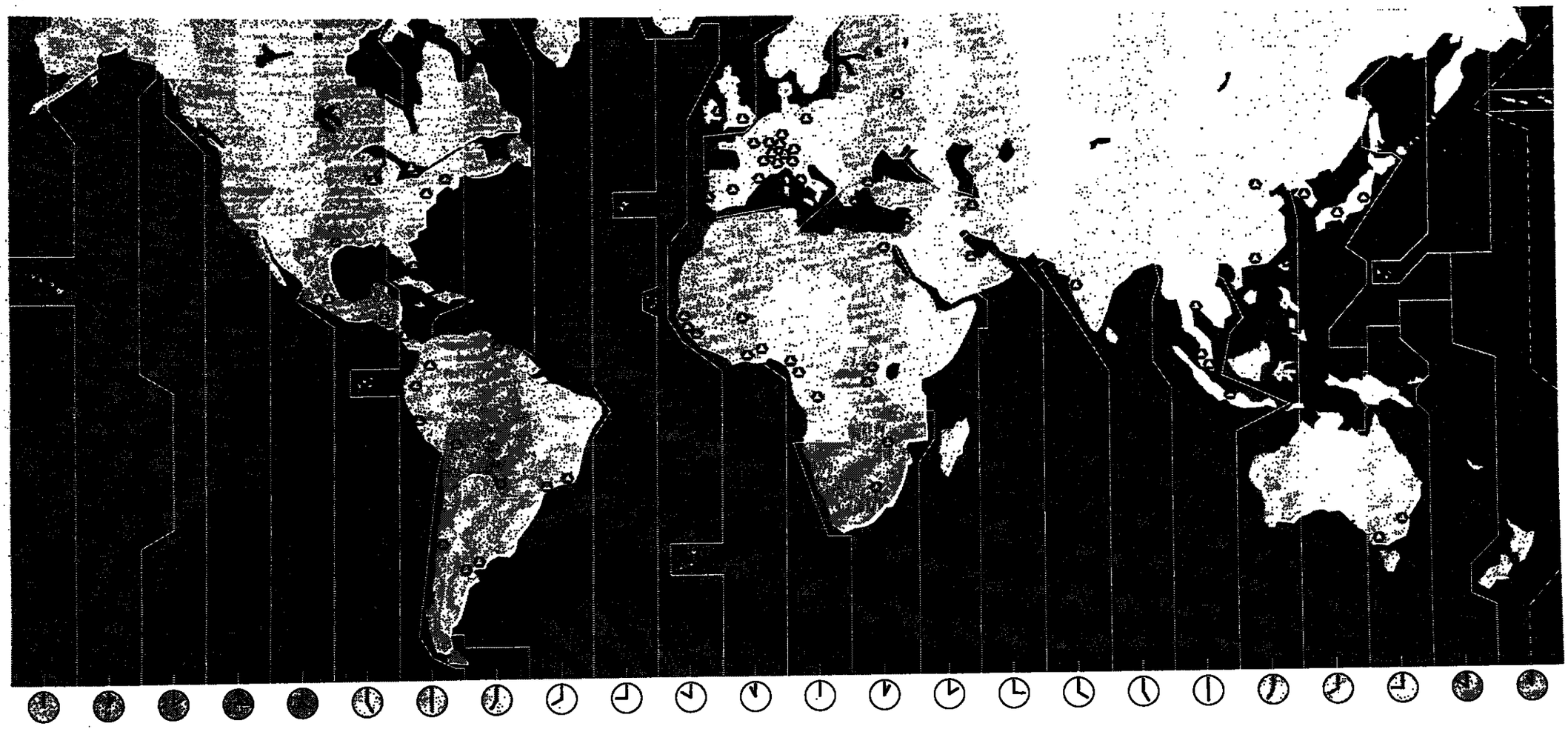

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An East-West Balancing Act: Bonn Gains in Gorbachev Trip

By Robert J. McCartney
Washington Post Service

BONN — The West German government successfully staged a tricky balancing act this week by giving Mikhail S. Gorbachev a warm reception on a landmark visit without aggravating U.S. fears that Bonn was drifting away from the Western alliance.

As a result, West Germany achieved a much-desired leap in its prestige and influence in East-West relations and has secured more firmly its role as Western Europe's most important power.

As adoring crowds of West Germans hailed Mr. Gorbachev wherever he appeared in public during his four-day tour, their leaders said at every opportunity that Bonn's blossoming friendship with Moscow would not jeopardize ties to the United States and the other nations in the North Atlantic Treaty Organization.

Chancellor Helmut Kohl's center-right government made a special effort to calm U.S. and other allied anxieties, West German officials said, because this year has been marked by unusually severe strains between Bonn and Washington over Western alliance nuclear policy and German companies' help in building a chemical factory in Libya.

Mr. Kohl, his assertively pro-détente foreign minister, Hans-Dietrich Genscher, and other government spokesmen repeatedly said that Bonn's ties to NATO and the European Community were permanent and not subjects for discussion.

Mr. Kohl also expressed Bonn's continuing unhappiness over the Berlin Wall, the division of Germany, and Soviet superiority in conventional forces and short-range nuclear missiles.

NEWS ANALYSIS

Even Mr. Gorbachev joined the campaign to reassure Washington. Referring to the U.S. role in Europe, the Soviet leader said Thursday at a news conference, "I cannot imagine a realistic policy by the Soviet leadership that had the aim of pushing the United States out or hampering the position of the United States."

Bonn officials said that Mr. Gorbachev's statement had echoed repeated private comments by Soviet officials to their West German counterparts that Moscow has accepted that it is fruitless and potentially destabilizing to try to drive a wedge between West Germany and its allies in the North Atlantic Treaty.

Several U.S. officials praised Mr. Kohl on Thursday for what they called his balanced handling of the trip.

A U.S. official said that both Mr. Gorbachev and Mr. Kohl had been careful not to give "further currency" to concerns about West Germany's reliability as a NATO ally. "Kohl wants to show that you can have good relations with both Moscow and Washington," the official said.

Mr. Gorbachev's visit was particularly important for West Germany because it conclusively ended a period of several years in which Moscow kept Bonn at arm's length diplomatically.

After Bonn's decision in 1983 to deploy U.S. medium-range nuclear missiles, the Soviets consistently accorded West Germany more frosty treatment than it offered to other leading NATO allies. West German officials watched with frustration as Mr. Gorbachev made trips to Washington, London and Paris but, until now, never to Bonn.

As East-West relations improved, however, Soviet-West German ties also warmed. Having finally been honored with the Soviet leader's presence in Bonn, Mr. Kohl now can justly claim to have strengthened his country's role in world affairs.

"The loosening of the blocs has shown that the political dwarf West Germany is waking up and, courted by both superpowers, is growing up to a normal size as the central power in Europe," a commentary in the moderate Munich daily Süddeutsche Zeitung said.

Mr. Gorbachev's visit also provided Chancellor Kohl with a perfectly timed opportunity to play the role of world statesman on the eve of critical elections Sunday for representatives in the European Community's legislature and local offices in Rhineland-Palatinate and Saarland.

Ryzhkov Accuses Officials In Rioting

By Michael Dobbs
Washington Post Service

MOSCOW — Prime Minister Nikolai I. Ryzhkov on Thursday accused acquiescent Communist Party officials and opponents of change of responsibility for the worst ethnic unrest in the Soviet Union for many years.

Speaking at the end of a four-day tour of Uzbekistan, where about 100 people have been killed over three weeks, the prime minister described the disturbances as a "well-planned, large-scale, and skillfully implemented political action."

Earlier, he accused unnamed local officials of taking part in pogroms against the minority population of Meskhetian Turks.

Senior Interior Ministry officials now say that the city of Fergana, the focal point of the unrest, was "fully under the control" of security forces.

More than 15,000 Meskhetians have been evacuated to central Russia following the attacks by gangs of young Uzbeks.

The unrest in the Fergana region, one of the Soviet Union's main cotton-growing areas, comes against the background of a fierce struggle for power in Uzbekistan. Over the last few years, hundreds of prominent Uzbek officials have lost their jobs or been sent to prison after being accused of corruption and bribery.

Some Soviet papers and broadcast services have suggested that the ethnic violence could have been intended as a provocation against change-minded - Soviet leaders, including President Mikhail S. Gorbachev, who have encouraged the corruption investigation.

It is impossible to check these allegations as the region has been closed to Western journalists since the disturbances began. The conspiracy theory has been endorsed by Mr. Ryzhkov who toured the Fergana Valley and surrounding areas with a Politburo member, Viktor M. Chebrikov, the former head of the KGB security police who now oversees public order in a Communist Party post.

In comments to party activists Wednesday night, Mr. Ryzhkov said it had been established that some party and local Soviet officials were involved in the anti-Meskhetian action. "I would like to make them answer to innocent people," he said. "I have seen a lot in my life, but the things I came across in the refugee camp for Meskhetian Turks beat everything."

The prime minister later flew to Moscow to report to Mr. Gorbachev, who returned in the evening from his visit to West Germany.

Fergana Valley was for many years controlled by a Communist Party official, Akhmadzhan Adilov, who ruled over 30,000 people on a semi-feudal basis. Soviet press accounts have said that Mr. Adylov, who was executed last year, lived on a huge estate surrounded by peacocks and concubines, and locked away his enemies in an underground prison.

The campaign against corruption has antagonized many Uzbeks, who argue that their republic has been unfairly singled out.

Some Soviet officials, including President Gorbachev, have said that resurgent Islamic fundamentalism contributed to the unrest.

Chronic economic problems also appear to have fanned the violence. Many of the teen-agers and others who joined in the gangs of marauding Uzbeks are unemployed.

The weekly Moscow News said that other minority groups in Uzbekistan felt threatened because of the latest bloodshed. It paper cited the 300,000 Crimean Tatars and 200,000 Koreans who were deported to Central Asia under Stalin.

Faith Saribas/Reuters

Ethnic Turks deported by Bulgaria carry or push their possessions across the border into Turkey.

Bulgaria Expels More Ethnic Turks, Raising Total in a Month to 20,000

By Thomas Goltz
Washington Post Service

EDIRNE, Turkey — About 10,000 ethnic Turks have been forced from Bulgaria into Turkey over the last week and at least 3,000 more are arriving each day, according to border officials.

The total of ethnic Turks who have been deported since the campaign began a month ago now is said to be more than 20,000.

The Turks, who appear to come from all walks of life and are of all ages, were reportedly given only 24 hours to pack and leave, after having been forced to take passports valid only for Turkey.

Refugees said they were required to leave property, bank accounts and family members behind in their headlong rush to leave the country.

"It is theft by the state," said Mehmet Yusufoglu, 47 years old, an electrical technician from Shumen, who crossed into Turkey with his son and a group of medical students.

Beginning in December 1984, and ending two months later, the Bulgarian authorities attempted to change the ethnic demographics of the country by forcing the Turkish minority, variously estimated to total 1 million to 2 million in a nation of 10 million people, to take Slavic names and to deny their ethnic heritage and language.

Opposition to the Bulgarization campaign was suppressed and, officials announced in March 1985 that there was "not one Turk" left in the country.

Then last month, the ethnic Turks, in association with two new human-rights associations, began a series of passive protests to recover their rights and names.

Bulgarian crackdowns on the leadership led to demonstrations and marches. Several of these, notably one at Karlovo, resulted in death when the police opened fire. By the middle of the month the authorities began summarily to deport suspected leaders to Turkey via Austria and Yugoslavia.

By the end of May, trainloads of Turks were being dumped at the Turkish border. Turkey called on Bulgaria to negotiate a comprehensive migration agreement.

Bulgaria's response was wholesale expulsions. This started in the first week of June, when police backed by soldiers surrounded Turkish villages and forced residents to accept passports valid only to cross into Turkey.

■ **Turkey Calls for Talks**

The Turkish prime minister, Turgut Ozal, said on Thursday that Ankara wanted talks with Bulgaria on the ethnic Turk issue, Reuters reported from Ankara.

5 Countries Open Voting On Europe's Parliament

Agence France-Presse

BRUSSELS — Voters turned out in five countries Thursday to elect representatives for a new five-year term in the European Parliament in Strasbourg.

Spain, the Netherlands, Denmark, Britain and Ireland were the first countries to choose representatives.

Most results were not expected to be known until late Sunday, however, after the second phase of voting in the seven other member states of the European Community — Portugal, Luxembourg, West Germany, France, Greece, Italy and Belgium.

Though drawing on one of the world's biggest democratic electorates, a high rate of absenteeism was expected and many places were viewing the vote as more a barometer of their national political scene.

Of those voting Friday, only Ireland, which is holding simultaneous legislative elections, and the Netherlands, where the vote is seen as a test for early general elections in September, were expected to see a sizable turnout.

The 518-member European Parliament is now roughly split into equal left and right blocs and has been led by a conservative coalition. But this could change if final results bear out forecasts for a gain by the left, including the Green parties.

In Ireland, the 2.4 million electorate will be deciding on its 15 delegates to the assembly as well as the 165 deputies to the Dail, the Irish parliament, where Prime Minister Charles Haughey of the Fianna Fail party heads a minority government.

He called the general election in a bid to secure a majority, though opinion polls have not been hopeful. The local contest, disputed by 367 candidates, however, is expected to bring out more than the 47 percent who voted in the last European elections, in 1984.

In all, more than 220 million of the 320 million citizens of the European Community are eligible to vote for the 518 deputies.

The European Parliament has largely consultative powers over EC-wide legislation that is planned by the EC Commission, the executive, and approved by the Council of Ministers, the highest decision-making body.

GORBACHEV: *Berlin Wall*

(Continued from page 1)

fail, he said that if it did "this could cause major damage to the process of improving relations in the world."]

During Mr. Gorbachev's visit, officials traveling with him suggested several times that the "German question" could eventually be resolved by bringing relations between the two Germanies to the level of West German-Austrian relations.

Such soothing sounds abounded in the finale of a visit during which Germans chanted "Gorby, Gorby" at the Soviet leader's every stop.

The cheers followed Mr. Gorbachev to the end. Nine thousand workers in white hard hats roared their support at the giant Hoesch steel works in Dortmund as the Soviet delegation made a final excursion before leaving from Düsseldorf airport.

Mr. Gorbachev showed a touch of embarrassment at his press conference over the excitement he had caused. But he also seemed genuinely moved by the adulation of a nation whose aggression a half-century ago is still keenly remembered in the Soviet Union.

"I think we have come out of a period of cold war, even if there are still some chills and drafts," Mr. Gorbachev declared. "We are simply bound to a new stage of relations, one I would call the peaceful period in the development of international relations."

At the same time, after the demonstration of German enthusiasm and his own intensive lobbying for economic and technological help, Mr. Gorbachev felt compelled to defend the warm new embrace between Europe's biggest economic and military powers against misgivings in their respective camps.

"I want to stress that relations between the Soviet Union and the Federal Republic of Germany do not threaten anyone and cannot threaten anyone," he said. "In no case do they impinge on membership and responsibilities in our respective alliances."

Efforts not to alienate their allies was a thread throughout the visit. Mr. Kohl repeatedly insisted that he never deviated from NATO positions, and the chancellor was to call leaders of the United States, Britain and France on Thursday to report on the summit meeting.

In their joint political declaration, Mr. Gorbachev and Mr. Kohl took care to state that the United States and Canada "have their place" in the "common European home" that the two leaders declared as their goal.

Bonn's Call Canceled NATO Drill

By Joseph Fitchett
International Herald Tribune

BONN — A protest from Chancellor Helmut Kohl's government forced NATO to cancel a troop-mobilization exercise Monday that coincided with the arrival of Mikhail S. Gorbachev in Bonn on a state visit, officials said Thursday.

A Bonn government official said that in ordering the drill when it did, "The NATO command showed appalling political insensitivity to West Germany."

The incident, disclosed by the Munich newspaper Süddeutsche Zeitung, followed other episodes in which the government has complained that NATO military activities have disregarded West German public opinion and the country's diplomacy toward Warsaw Pact nations.

The exercise, designated Active Edge, involved the movement of several hundred thousand troops and reservists throughout West Germany and in other European nations.

Shortly after it started in the early hours of Monday, the West German foreign minister, Hans-Dietrich Genscher, ordered the West German representative at NATO in Brussels to demand immediate cancellation of the order.

A NATO spokesman confirmed the incident, calling it a "mix-up." The spokesman said that the North Atlantic Treaty Organization commander, General John R. Galvin, had quickly cut short the exercise.

Similar drills to test troop readiness have been held twice yearly, always without advance notice. The exercise on Monday had been routinely scheduled, the spokesman said, by officers apparently unaware of the coincidence in timing with the Soviet leader's visit. NATO was investigating how this could have happened, he said.

Partial Ban on Ivory Is Announced by Japan

Reuters

TOKYO — Japan, the world's biggest importer of ivory, will ban some imports to help save Africa's elephants, the Ministry of International Trade and Industry announced Thursday.

It said it would ban imports of ivory beginning Monday, except for raw ivory from African producer countries that regulate such trade in keeping with a world convention on endangered wildlife. The ban will apply to ivory-product and scrap imports, except cargoes shipped on and before Monday. As of Tuesday, will also prohibit all raw ivory imports except cargoes directly shipped from the countries of origin.

IMMORTAL: *Reagan Honored*

(Continued from page 1)

ences, was elected to the Congress of People's Deputies, had left him feeling more optimistic about democracy's future than ever before in his life.

"These are days of the triumph of freedom and knowledge and from the bottom of my heart I thank you for this honor you have done to me and God bless you all," Mr. Reagan ended to a standing ovation.

Mr. Reagan left the academy with two new medals and Mrs. Reagan with two antique engravings. Their trip to Europe, which marks Mr. Reagan's transformation from politician to elder statesman, began in London, where he was given the insignia of an honorary knighthood by Queen Elizabeth II, and dined with his friend, Prime Minister Margaret Thatcher.

The Reagans will return to the United States on Sunday, having spent Saturday evening at a gala celebration of the centennial of France's own iron lady, the Tour Eiffel.

Big Mac Attacks Tuna Noodle Surprise

By Katherine Bishop
New York Times Service

GILROY, California — Here amid garlic fields and almond groves, between vineyards and orchards, school administrators are learning what parents have known for decades: You can surround teen-agers with nutritious food, but you cannot make them eat it.

Faced with this painful truth, school administrators in this small agricultural town have run up the ultimate surrender flag and have asked McDonald's, Burger King and other fast-food operations to open a franchise on the campus of Gilroy High School.

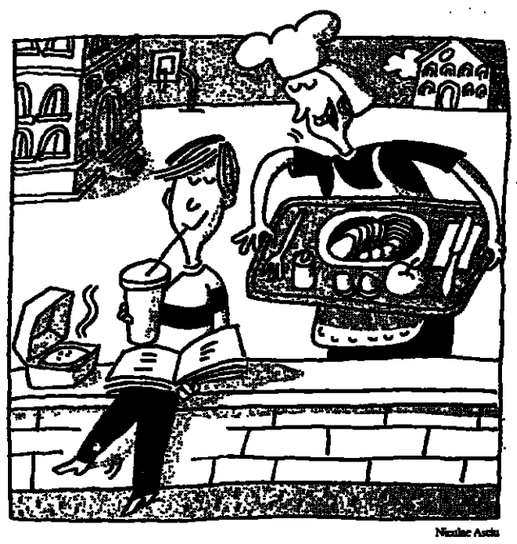
"Kids are not really attracted to institutional food," said Kenneth A. Noonan, the superintendent of Gilroy's schools. "They like stuff they can hold in their hands."

No company has accepted Gilroy's offer yet, but it did not come as a complete surprise to the nation's leading purveyors of hamburgers.

Spokesmen for Burger King said the company already had outlets on college campuses in three states; McDonald's said it has had similar inquiries from high schools around the country.

Both are studying Gilroy's proposal.

It is not that Mr. Noonan and his colleagues would not prefer that their students eat such traditional lunchroom treats as tuna noodle surprise and cherry-lime Jell-O swirl. But they have given up the fight.



Nicolas Asfouri

When the lunch bell rings at Gilroy, students old enough to have cars "drive like terrorists," as Mr. Noonan put it, through the surrounding residential area to McDonald's, Taco Bell and 7-Eleven.

"It's become a game to see how fast we can get the food out," said Al Denison, area supervisor for Taco Bell.

Chang So, who will be a senior and the student representative to the school board in the fall, does not argue that his lunch of tacos and cola is well balanced.

"There's a lot of grease, a lot of fat in it," he said. "But if tastes good, so you don't think about it."

Administrators worry about what the students are eating, and Mr. Noonan has discovered that the food teen-agers buy in grocery stores makes a Big Mac, fries and milkshake (1,100 calories, 13 teaspoons fat, 1,300 milligrams sodium) look like *cuisine minceur*.

As part of his research, Mr. Noonan traveled incognito to the nearest convenience store and discovered what students shopping there bought as a normal lunch: a can of soda, two candy bars and a giant chocolate-chip cookie.

Maria Balakshin, director of nutrition for the California State Department of Education, said school food services try to appeal to students by copying such fast-food merchandising tricks as serving hamburgers on brightly colored trays and installing salad bars.

"A burrito can be extremely nutritious," Ms. Balakshin said. "If it is prepared in a way that keeps fats and sodium to a minimum."

While the adults are busy trying to address students' nutritional needs, the students find that doing lunch at McDonald's or Taco Bell helps fill certain social needs.

"When you come back to class holding a cup from Taco Bell, the freshmen really look at you," said Gina Sakahara, a sophomore. "It says you're older and you have more freedom."

Japanese Query Boeing Payment

Reuters

TOKYO — Japanese opposition members of the Diet, or parliament, are questioning a large initial government payment to Boeing for two jumbo jets, a Japan Socialist Party spokesman said Thursday.

The purchase of two 747-400s for 36 billion yen (about $240 million) was arranged in 1987 during the administration of Yasuhiro Nakasone.

"Our suspicions were raised because the up-front payment for the aircraft was too large," said an aide to a Socialist legislator, Issei Inoue, adding that it was "more than half the total price."

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Light Cigarettes Don't Cut Heart Risk

New York Times Service

NEW YORK — Smoking cigarettes with less nicotine and carbon monoxide than regular cigarettes does not reduce the risk of heart attack, a new study has found.

The researchers said the findings contradicted advertising campaigns suggesting that the low-yield cigarettes, marketed as lights or ultralights, are less hazardous than other cigarettes. In general, the risk of heart attacks for smokers is four times greater than it is for nonsmokers, the study said.

The new study, published Thursday in The New England Journal of Medicine, did not address the risk of cancer and other diseases among smokers. Previous studies have suggested there may be slight health benefits in switching to the low-yield cigarettes.

The study is one of the largest to investigate the relationship between low-yield cigarettes and risk of heart attacks. The study involved more than 3,000 women under the age of 65.

The researchers said they focused on women because most of those who smoke low-yield cigarettes are women. Moreover, public health education efforts to reduce smoking have been least effective among women, the researchers said. Earlier, smaller studies have found similar results for men, they said.

A spokesman for the tobacco industry said that cigarette advertisements did not assert that low-yield cigarettes are healthier.

"The terms in the advertisements apply to the taste of these cigarettes," said the spokesman, Gary R. Miller, of the Tobacco Institute. "Some people prefer cigarettes with a lighter taste, and the ads are aimed at them."

But Howard L. Lewis, a spokesman for the American Heart Association challenged that assertion.

"Those ads are just a smoke screen," he said. "They may not make specific health claims, but they imply that the brand with the lowest tar and nicotine is healthiest. The study shows that just isn't true."

The study was conducted from July 1985 to June 1988. The researchers compared the smoking habits of 910 women who had heart attacks with 2,375 who did not have heart attacks.

Researchers found that the type of cigarettes smoked had no statistical bearing on the increased risk of heart attacks. Instead, the risk of heart attack was found to increase with the number of cigarettes smoked per day, regardless of their yield.

"If you're going to smoke, you're not helping yourself by smoking low-yield cigarettes," said Dr. Judith R. Palmer, an assistant professor at the Boston University School of Medicine and the principal author of the study.

An editorial that accompanied the study noted that other research has found that people who switch from high-yield to low-yield cigarettes often compensate to maintain their usual levels of nicotine intake.

They may increase the number of puffs, volume of puffs or depth of puffs. Or they may increase the number of cigarettes they smoke. This, in turn, may increase the amount of carbon monoxide inhaled. Carbon monoxide has been found to contribute to heart disease.

"Unfortunately," said Dr. Neal L. Benowitz, the author of the editorial, intensive smoking of low-yield cigarettes "reduces, or even negates, any possible differences in yield."

Previous studies have indicated that low-yield cigarettes are less hazardous than high-yield cigarettes with respect to certain cancers and lung disease. Dr. Benowitz wrote, however, that most of those studies involved older data and that the definition of low-yield cigarettes had changed over the years.

The type of cigarettes smoked had no statistical bearing on the increased risk of heart attacks, but the risk was found to increase with the number of cigarettes smoked per day, regardless of their yield.

Soviets Begin Polish Pullout

Reuters

WARSAW — The Soviet Union started a partial troop withdrawal from Poland on Thursday, the official news agency PAP said.

U.S. Drops 5% Limit Imposed on Pakistan For Enriched Uranium

By David B. Ottaway
Washington Post Service

WASHINGTON — The Bush administration has dropped its demand of the last five years that Pakistan pledge not to enrich its uranium above 5 percent, according to U.S. and Pakistani officials.

They said the administration did not ask Prime Minister Benazir Bhutto, who was here on a state visit last week, for a recommitment to the pledge that President Ronald Reagan first demanded in 1984 of President Mohammed Zia ul-Haq, the late Pakistani leader.

The dropping of the demand means that Pakistan now could produce highly enriched uranium without risking a cutoff of U.S. economic and military aid, the officials said.

Miss Bhutto promised during her visit that Pakistan would not produce "weapons-grade uranium," which is generally considered to be material enriched above 90 percent, or take the final step to assemble a nuclear device.

The policy shift appears to stem from a desire to set a new marker for the Bhutto government and to give the president the benefit of the doubt on her own pledge. Equally, however, it is a recognition that U.S. intelligence agencies concluded long ago that Pakistan had violated the 5 percent pledge and was enriching uranium to a level even above 90 percent.

A U.S. official said it was no longer clear "what particular significance" the 5 percent figure had or "where it came from" in the first place.

"Legitimate nonweapons needs is enriching to up to about 30 percent," the official said. Anything between 30 and 90 percent is "sort of undetermined," he added.

Some U.S. nuclear power plants use uranium enriched well above 5 percent. The U.S. government and the International Atomic Energy Agency, however, regard uranium enriched above 20 percent as "highly enriched."

Reports of the administration's easing of U.S. demands on Pakistan brought a strong reaction from Senator John Glenn, Democrat of Ohio. Mr. Glenn, chairman of the Governmental Affairs Committee, has led the Senate battle for a tougher U.S. nuclear nonproliferation policy.

"When you give on that, where do you stop?" he said, referring to the 5 percent level.

A commitment not to enrich uranium more than 5 percent, he said, was "certainly the most conclusive" statement the United States ever obtained from Pakistan as an assurance that it did not intend to build a nuclear bomb.

In a September 1984 letter to General Zia, Mr. Reagan threatened "grave consequences" for U.S.-Pakistani relations if Pakistan exceeded the 5 percent level at its secret Kahuta enrichment plant. Mr. Reagan did not spell out the consequences.

While U.S. law calls for an aid cutoff if Pakistan builds an atomic bomb, Congress has never passed legislation that sets the 5 percent enrichment level as the trigger for a cutoff.

But General Zia apparently feared an aid cutoff. In reply to Mr. Reagan he pledged that Pakistan was not seeking to build a nuclear bomb. Pakistani officials now say that General Zia, who died in a plane crash last August, never committed himself to any specific enrichment level, only to avoid production of "weapons-grade uranium."

Leonard S. Spector, a specialist in nuclear nonproliferation at the Carnegie Endowment for International Peace, said that it was "technically" possible for Pakistan to produce fuel for a bomb if the uranium was enriched at "anything over 20 percent."

But he added that "realistically speaking" such fuel has to be enriched above 90 percent to keep the amount of material small enough for a normal-size bomb or missile warhead.

Both President George Bush and the Central Intelligence director, William H. Webster, told Miss Bhutto at length of U.S. concerns about the advanced stage of Pakistan's nuclear weapons program. In an highly unusual step, Mr. Webster told Miss Bhutto what the CIA knows about the state of the Pakistani program, congressional sources said.

Press in Iran Welcomes Move to Return Envoys

Agence France-Presse

TEHRAN — Two Iranian newspapers have welcomed decisions by France and West Germany to return their ambassadors to Tehran, saying the moves showed recognition that Iran was politically stable following the death of Ayatollah Ruhollah Khomeini earlier this month.

The Tehran Times said, "Tehran will most likely give a positive response to this positive political move by Bonn and Paris." The West German envoy was to return on Wednesday and the French ambassador in the near future. The two were withdrawn in February during the Salman Rushdie affair.

Senate Clears Burt to Head START Team

Washington Post Service

WASHINGTON — The Senate has overwhelmingly confirmed Richard R. Burt as chief U.S. negotiator on strategic arms reduction, rejecting charges by Senator Jesse Helms, Republican of North Carolina, that the former journalist and Reagan administration diplomat has demonstrated a "pattern of negligence" toward security.

The vote Wednesday was 89 to 10, with the chairman of the Senate Select Committee on Intelligence, David L. Boren, Democrat of Oklahoma, joining Mr. Helms and eight other conservative Republicans in opposing the choice of Mr. Burt for the job, which holds the rank of ambassador.

The Senate also confirmed John D. Negroponte as ambassador to Mexico, Bernard W. Aronson to be assistant secretary of state for Latin American affairs, and John H. Kelly to be assistant secretary of state for Near Eastern and South Asian affairs. Mr. Negroponte, a former member of the National Security Council staff, won confirmation despite questions about a possible role in the Iran-contra affair.

Cold Fusion Collaboration Is Set Back

By William J. Broad
New York Times Service

NEW YORK — The Los Alamos National Laboratory says that months of foot-dragging at the University of Utah have resulted in the collapse of plans for a collaboration between the two institutions on low-temperature, or "cold," nuclear fusion.

The news represented a significant setback for cold-fusion hopes, since the University of Utah had originally advertised the collaboration as a way to dispel growing doubts about the credibility of its findings.

The joint effort would have given outside observers access to subtle or hidden details of the experiment, helping to verify its correctness or to detect error.

Dr. B. Stanley Pons of the University of Utah and Dr. Martin Fleischmann of the University of Southampton in England shocked the world in March by saying that they had achieved fusion in a simple table-top apparatus.

Nuclear fusion powers the sun, the stars and hydrogen bombs, fusing atoms rather than breaking them apart as is done in nuclear reactors. A controlled way to release its energy has been sought for decades, since such a release would generate vast amounts of electricity. Usually, fusion requires extreme heat, but the Pons-Fleischmann process was said to have worked at room temperature.

The proposed collaboration to validate the discovery was announced April 27 in Washington at a hearing of the House Committee on Science, Space and Technology.

By late May, when no collaboration had materialized, both the University of Utah and Los Alamos ascribed the problem to Utah patent attorneys' fears that intellectual property rights would be compromised in a joint effort. But they added that an agreement in principle had been worked out and was nearly ready for signing.

On Tuesday, Dr. Sig Hecker, the director of the Los Alamos laboratory, said that no agreement had materialized and that months of inaction had led Los Alamos to drop the plan.

In the future, Mr. Hecker said, active negotiations could resume if the University of Utah expressed a sincere interest and took prompt action.

Dr. James J. Brophy, director of research at the University of Utah, agreed Tuesday that the university's "foot-dragging" had been the problem.

"We'd still like to work with Los Alamos," he said. "I can see how they'd be a little peeved. The scientists want to tell everything, but the patent attorneys tell us to say absolutely nothing."

U.K. Fusion Attempts Fail

Reuters

LONDON — Scientists from the British Atomic Energy Authority said Thursday that they had failed after exhaustive research to duplicate an experiment in nuclear fusion at room temperature.

After more than 100 experiments, the team leader, David Williams, said the fusion findings announced by Professors Martin Fleischmann and B. Stanley Pons in March could not be supported.

Mr. Fleischmann, a Briton, and Mr. Pons, an American, said they had produced energy at laboratory temperatures, copying the nuclear reaction occurring in the sun's core.

"What we have to recognize is that brilliant people have mad ideas," Mr. Williams said. "Not every mad idea works out."

The Harwell verdict dampened hopes of harnessing a new and virtually limitless source of energy using sea water.

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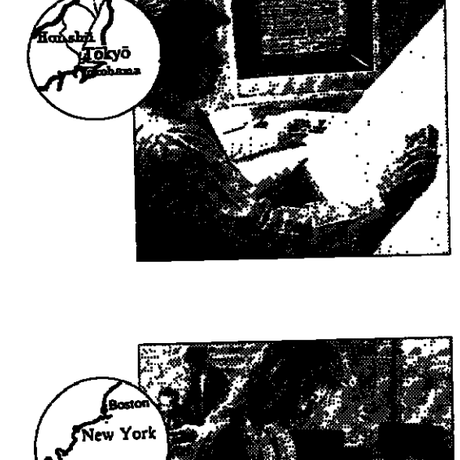

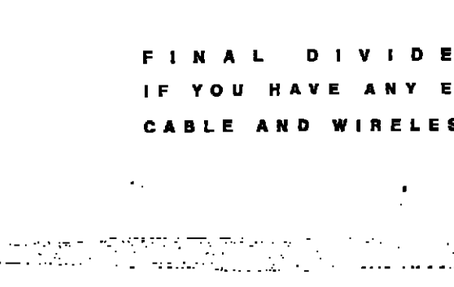

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International Herald Tribune
Published With The New York Times and The Washington Post

The Long Greek March

People who want Greece to be part of modern Europe will be hoping that Prime Minister Andreas Papandreou does either much worse in Sunday's general election than the opinion polls suggest he will do — or, conceivably, a lot better. The result the polls appear to be forecasting would be just about the worst possible one for Greece, and for Greece's friends.

The polls say that Mr. Papandreou's Socialists will finish behind the conservative New Democracy Party, but could still do well *enough* to deny New Democracy a majority in parliament. That may seem extraordinary. Mr. Papandreou has fumbled the nonfarm part of the economy; he has been hit by two big scandals; at 70, he faces the voters after a triple-bypass heart operation and a messy love affair. If he does keep New Democracy out of office it will be partly because he has changed the voting system to achieve just that, partly because during his eight years in office Greek farmers have done well out of the European Community — and partly because, in this Levant-within-Europe, *many people still vote for a chieftain*, not for policies and performance.

If the election gives the Socialists this blocking second place, the risk is obvious. Mr. Papandreou may then try to form a government in alliance with the group that will place third in the election, a collection of Communists and left-wing Socialist defectors. This group represents the most backward-looking part of Greek politics. Its instincts are against any serious modernization of the economy. It is the home of last-ditch anti-Americanism. Much of it still dislikes the European Community. A government dependent on such people would be a mess.

Things would be slightly less bad if the Socialists, confounding the polls, did well enough to form another government on their own. In Mr. Papandreou's condition, this would be no fount of vigor. But Mr. Papandreou appears to have shed the worst of his old ideas. He now accepts Greece's place in the European Community and (if permitted the occasional nag) the North Atlantic alliance. He has rather bravely tried to make up with Turkey. He has kept his dislike of America more or less under control. A third Papandreou term would limp, but it probably could be lived with.

And if the voters do after all give New Democracy enough votes to govern? In the economy, the conservatives might at last take a serious knife to the deadwood of the public sector, and encourage the small technology-based industries and services that are Greece's best hope of growth. They undoubtedly would run a steadier foreign policy than Mr. Papandreou's. Yet New Democracy is by no means the whole answer to the Greek problem. Its commitment to liberal economics is less than rock-solid. It too is touched by that nervous Greek nationalism. Its leader, Constantine Mitsotakis, remains a blur to the outside world.

Greece is still creating the sort of parties a mature democracy needs — parties based on ideas and interests rather than factions, and capable of rising above the interests of those who vote them into power. Even now, the slow Greek march to full democracy is impeded by the after-effects of the civil war of 40 years ago. The ghosts of its victors and its defeated still hover over today's politics. The specter is fading, but the election of 1989 has not completed the exorcism.

INTERNATIONAL HERALD TRIBUNE.

Back From the Brink

With talks on strategic arms set to resume next week, Soviet and U.S. military chiefs have just signed an agreement to help reduce the risk of war by accident and miscalculation. That could do as much to preserve peace as would deep cuts in nuclear arms.

Called, appropriately enough, "The Prevention of Dangerous Military Activities," the accord restrains precipitous action in the case of military aircraft or troops violating national borders by accident or in an emergency. It also bars peacetime interference with communications used for command and control of military forces. Further, it provides for direct communication between the two sides in tense areas like the Gulf.

The accord, like those providing for hotline exchanges, recognizes that in a crisis peace can be threatened inadvertently, as well as by premeditated decisions. Of perhaps equal importance, the treaty institutionalizes a Soviet-American military dialogue that could lead to more realistic assessments of other risky military actions.

Senior military commanders can now continue the talks on military doctrine begun last year. That could pave the way for more defensive postures in Europe, once agreement is reached on cutting conventional forces. The two sides can also discuss hair-trigger nuclear operations that they regard as unduly provocative and dangerous. Meantime, military leaders in both countries deserve a salute. By marching back from the brink together, they take a big step forward.

— THE NEW YORK TIMES.

The Democrats Try Again

With the elevation of Thomas Foley to speaker and now the selections of Richard Gephardt and William Gray to be majority leader and whip, Democrats in the U.S. House have put on a good public face. These are experienced, mostly nontheatrical but thoroughly presentable and plausible politicians who fully understand the issues with which they will have to deal and who have come to make their homes approximately in the middle of their party.

The question now is how successful this new trio will be, not just in dealing with the House Republicans, the president and Senate, but in bringing discipline to bear on the House Democrats themselves. The Democrats have some hard rows to hoe. Congress is taking too much money from interest groups, whether as personal income or campaign contributions; the Democrats, even though as majority party they are the major beneficiaries, must reduce the flow. They must do something other than play games with the deficit, which is to say they must sooner or later approve a (preferably progressive) tax increase and maintain spending discipline. That means saying no to some of their traditional constituencies even as, we would hope, they say yes to selected spending increases for the poor; they must also resist the urge to trash the defense buildup.

On most issues, foreign as well as domestic, regulatory (clean air) as well as fiscal, a substantive middle ground of this kind is likely to suit all three of the new leaders. Mr. Gephardt had a mercifully brief and rather scratchy populist phase on trade and farm policy that coincided with the Democratic presidential primaries, but most of his career in the House has been spent as a blender of divergent views; that is the skill on which he has mainly risen. Mr. Gray, who is the first black to rise so high in the party hierarchy, showed, as budget chairman in the second Reagan term, that he too was able to hold together and speak for a wide range of Democrats. His chances in Wednesday's election were hurt by a never-spelled-out charge that the FBI was investigating supposed ghost employees on his congressional payroll, but on the strength of what is known, his colleagues were right to push this aside.

But neither Mr. Gephardt nor Mr. Gray has had to function under quite the pressures they will face now. The new team looks right; its members have had successful careers. This, in other words, is a good team to lead the Democrats. The question is: Can Democrats really be led?

— THE WASHINGTON POST.

Other Comment

Refugees: Blame Vietnam

Vietnam's cynicism knows no bounds. On Tuesday, its Foreign Minister, Nguyen Co Thach, told an international conference on Indochinese refugees in Geneva that it was the isolation of Vietnam that created the Vietnamese refugee problem. He said the way to end the outflow was for Western countries to resume economic aid to his country. He also had the temerity to declare that his government opposed "forced repatriation" of Vietnamese refugees because "it would be a breach of the international declaration of human rights." Having driven out 1.5 million of its citizens over the past 14 years, the Vietnamese government has the gall to preach to the world about human rights. What is disconcerting is that well-meaning countries of the West are allowing themselves to be taken in.

The only way to stop the refugee flow is for conditions inside Vietnam to improve. This can happen only if the Vietnamese government changes both its domestic and foreign policies, to alter the priority to one focused on economic rehabilitation rather than foreign aggrandizement. What will bring Vietnam to its senses is not sweet words but continued international isolation and deprivation of Western economic aid.

— The Straits Times (Singapore).

Swept Away by Gorbymania

When Mikhail Gorbachev talks of a "common European home" his words have the most profound impact on the German people. Bonn knows that the division of Germany can be overcome only if the division of Europe is overcome. Now Communism's czar has devised a phrase that embodies that hope, and Gorbymania sweeps the federal republic. The same day Mr. Gorbachev got so friendly a welcome in Bonn's Marktplatz, an American was in London describing the Kremlin leader as "the Soviets' best — and probably only — hope to turn things around." The speaker? Newly knighted Ronald Reagan, who proclaimed himself "more optimistic than ever in my life about peace and democracy." Also that day, in Washington, there were calls for easing trade restrictions against Moscow in reward for its improved emigration policies. The source? The National Conference on Soviet Jewry. Obviously, Germans aren't the only willing victims of Gorbymania.

— The Baltimore Sun.

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Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel.472-7768. Tlx: RS56928
Mng. Dir. Asia, Rolf Kranepuhl, 50 Gloucester Road, Hong Kong. Tel. 5-8610616. Telex: 61170
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OPINION

As Red Flags Flew, He Sought to Reassure

By Flora Lewis

BONN — Big red hammer-and-sickle flags waved over the flourishing German capital. But they signified the opposite of the old dreams of Lenin, Trotsky and Stalin, and the capital was Bonn, not Berlin.

The Soviet leader, Mikhail Gorbachev, came to this once-tranquil Rhineland town, now the head of an economic giant, to reassure and ask for investment and expertise, not to wield dominion.

He told West German businessmen about his difficulties trying to transform communism's "command economy" into a "socialist market economy," and he urged them to bet on his plans.

Ecstatic crowds welcomed him at City Hall. "Of course," said Egon Bahr, an opposition Socialist leader, "we have never been threatened by the West. The only threat has always been from the East. Now this man comes to say he is taking away the threat, and the people like it."

Why do they believe it? "Because he has shown he's serious, and he runs a real risk, personally and for his empire," Mr. Bahr said. "Remember another general secretary who told the West, 'We will bury you'? This one says he wants to join us."

The new sense of weight among the world's major players matters to West Germans. Mr. Gorbachev confirms what President Bush told them two weeks ago about their importance. East and West are moving toward each other and they are at the center, just as they were at the front during two generations of confrontation.

Bonn's place as a world capital is so new that it is full of streets named after men I knew personally — Adenauer, Heuss, Ollenhauer, Brentano, Fritz Erler, Heinrich Lübke — though not Kaiser Friedrich, of course. That says something about how long I have been coming here, I suppose, but it is also a reminder of how short this robust state's history has been.

It is moving still, but there is neither an atmosphere of power-flexing that some Americans seem to fear, nor of drift toward neutralism, which worries the French and British. Official Bonn is clear about this. Even if it were not or if new people came to office, Soviet policy no longer offers opportunity for any such visions.

Mr. Gorbachev told the foreign minister, Hans-Dietrich Genscher, unambiguously that Moscow wants developing cooperation in Europe to involve the United States, not to work against America or drive it out. The reasons are persuasive.

Above all, the Soviets want stability in Europe now and they have come to see it only works with the United States here. Some vital issues, mainly military, have to be solved directly between the United States and the Soviets. And Soviet relations with the West Europeans are inevitably influenced by both Soviet and European ties with Washington.

In Bonn for Gorbachev's visit, one sensed neither power-flexing nor a feared drift to neutralism.

The vaporous "joint declaration" signed by Mr. Gorbachev and Chancellor Helmut Kohl as the philosophical basis for German-Soviet ties says "the United States and Canada also have their place" in a future "peaceful European order or a common European home." It expresses trust "in the long-term predictability of each other's policies," a way of saying Moscow is not seeking to pry Bonn loose.

There is some bewilderment here at all the talk about possible reunification of East and West Germany, about the lures Moscow could offer if it played that "German card." People insist that it comes from outside, that it is not West German talk or a real preoccupation any longer.

That is somewhat disingenuous. Officials here have been mouthing the words about German unity for so long they do not hear themselves still saying it. Mr. Kohl did it again this week.

But it is true that there is more concern now about improving conditions in the East, so that people would feel content to stay there, to travel freely and return, than about restoring a German state in which they all would live.

"It is conceivable now that we will overcome the division of Europe without overcoming the division of Germany," politicians are beginning to say, though still in private.

And there is a keen sense that the growing, practical unity of Western Europe must keep ahead of the new openings to the East. Mr. Genscher's stand is that further consolidation of the European Community, with a common currency and a central bank, is an essential balance to the eastward policy.

Only Prime Minister Margaret Thatcher holds out against this linkage, and she is likely to be dragged along because otherwise Britain would be left behind.

The assumptions that the new Europe lying mistily over the horizon, waiting to emerge from the decaying shrouds of the Cold War, will revert to old patterns comes from a failure of imagination. It could happen, but it is not inevitable. It isn't even likely.

The New York Times.

For the Poles, An Uncertain Road Awaits

By Abraham Brumberg

WASHINGTON — Something unprecedented has just happened in Poland: a popular movement forced the ruling Communist Party to relinquish its claim to legitimacy.

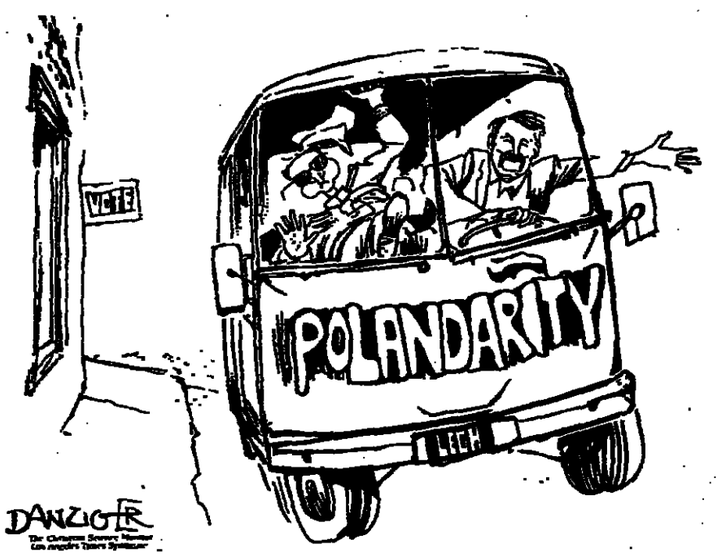
Although the party-dominated coalition will continue to control the Sejm, or lower house of parliament, Solidarity is, understandably, riding a crest of euphoria after the elections in which opposition candidates all but swept the 100-seat Senate and in which the voters rejected the candidacies of 33 senior Communist and government officials running unopposed for the Sejm.

Yet, nearly 40 percent of the voting population did not go to the polls at all. There is considerable evidence that most Polish citizens are as depressed about the state of the country's economy, with its pervasive shortages and nearly 100 percent rate of inflation, as they are gloomy about the future.

At the roundtable talks that led to the relegalization of Solidarity, there was virtually no discussion of any concrete economic policies. The emphasis, on both sides, was on a political solution. The "understanding" on economic matters promised everything from a radical upswing in housing construction to an end of inflation. It did not tackle the crucial question of how to combine economic progress with a heavy dose of austerity — or, for that matter, how to raise the billions of zlotys needed to reach these goals.

The assumption that a change in the system of power is the necessary precondition for economic reforms is eminently sound. But at what price? The West may at last be willing to advance credits to Poland, but on conditions that Solidarity may find hard to swallow.

Since no immediate improvement is likely, industrial unrest may again erupt. This time Solidarity may find it impossible to resist workers' demands for higher wages, which will accelerate the inflationary spiral. The 40 percent of eligible Poles who did not vote may swell to an angry and not so silent majority. Radical opposition groups, which boycotted the elections as a "sellout to the Reds," may grow stronger. Many thoughtful Solidarity leaders are painfully aware of these problems. But it remains to be seen whether they can do anything about them.



There are those in Poland who maintain that Solidarity should have boldly proposed taking over the reins of power. How would the party have reacted? Since Soviet intervention and martial law are no longer realistic options, it might well have agreed to assume the mantle of opposition — as some of its leaders have already indicated it would, sooner or later. This in turn could lead to the defection of party hard-liners, even to the formation of two distinct Communist parties.

However, Solidarity, perhaps unwilling to be seen as rescuing the party, refused to issue the challenge. And so, with the Communists in effect condemned to rule by the good graces of their adversaries, Poland may well find itself in the grip of protracted paralysis.

Another worrisome development is the increasing tendency of the Roman Catholic Church to advance some of its most doctrinaire agendas. A proposed statute abolishing abortions and stipulating three-year sentences for women who undergo them is a case in point.

It was based on a document drawn up by an episcopal committee (which quotes at length from Ronald Reagan's 1988 proclamation of a National Day of the Sanctity of Human Life) and for a while threatened to become a major issue in the campaign. At many meetings, opponents of the proposed law were denounced as "murderers."

By common consent the issue was suspended, but it is bound to flare up again in the new parliament. One writer said in a letter to the weekly Polityka: "The adoption of this statute, which in the name of love preaches hatred for women, will mark a signal that we have emerged from one dictatorship into another. Next, divorces will be abolished, then nonbelievers will find that promotions are closed to them, and then literature and films will be castrated in the name of purity of customs." An overheated scenario, no doubt, but in a country with one of the most conservative and powerful clergies in the world, not one to be dismissed out of hand.

To sound these warnings is not to say that they will come true. Nor is it in any way to gainsay the enormous significance of the eclipse of the one-party state in Poland and the triumph of a movement that the Communist regime had contemptuously tried to consign to oblivion. But there are dangers ahead, and Poland's navigators must known what they are.

Mr. Brumberg has written extensively on Soviet and East European affairs. He contributed this comment to The Washington Post.

Toward a Grand Strategy for a World in Flux

By Zbigniew Brzezinski

This is the first of two articles.

WASHINGTON — President Bush is fortunate. Rarely has a president faced so many challenges begging to be exploited as opportunities. Future historians almost certainly will hail the last years of this century as a watershed in world affairs. Consider the following:

The Soviet Union, America's lethal rival for more than four decades, is reeling under a domestic crisis of mounting intensity and of very unpredictable outcome;

Eastern Europe is beginning to shed its externally imposed ideology and to seek a return to the European civilization from which it was so brutally separated;

China, once the most dogmatically stalwart of the Communist systems, is being wrenched by internal convulsions that signal a most profound disillusionment with communism on the part of its younger generation;

Moslem fundamentalism has just lost its prophet of hate — and eventually Iran will stumble into moderation — while the leader of the Palestinian nation has publicly, though still with reservations, embraced the rhetoric of compromise;

Europe and Japan are becoming America's economic and perhaps political rivals, yet both realize that a good relationship with America remains central to their own well-being.

Each of the foregoing signals a danger. Yet each also provides openings for a grand strategy that would shape a more cooperative world order in which America remains the essential balancer and key source of stability. One senses, moreover, that the president, unusually well versed in world affairs, appreciates this momentous reality and is edging up to a policy that will, indeed, come to be perceived as a grand strategy.

The first three developments are part and parcel of a wider phenomenon: the terminal crisis of communism and the onset of the post-communist age in contemporary history.

The terminal crisis of communism presents Bush with a rare opportunity to shape the world order.

Communism has spent itself. Even Communist rulers, who proclaim that their policies are designed to reinvigorate "socialism," are in fact advocating policies that point toward pluralism and increased free enterprise.

In different ways, that is the case with the Soviet Union, with Eastern Europe and — until lately — with China. In the Soviet Union, the agony of communism has involved the open repudiation of much — in fact, of most — of Soviet history. As Stalin, Khrushchev and Brezhnev have lost historical legitimacy, current Soviet leaders have wrapped themselves in the mantle of Leninism — a Leninism redefined to fit the needs of the moment. Lenin, the originator of the one-party dictatorship and of the Gulag, is now portrayed as a moderate social democrat, almost a Menshevik in his alleged devotion to open discussion and economic decentralization.

The current Soviet leadership knows that it has been losing the Cold War, and has asked for an armistice. Some of its members appear to accept the notion that the capitalist system is here to stay, and that the only way to recover some degree of vitality for the Soviet Union is to engage in long-term cooperation with the recently despised West.

The desired respite would give Soviet leaders badly needed breathing space for a serious effort to resolve internal Soviet contradictions. The most notable of these is the conflict between the need to decentralize the economy and the desire of the non-Russian nations for more autonomy, even for genuine independence.

It is most unlikely that this Catch-22 situation will be resolved. As a result, the Soviet Union is likely to be faced with prolonged turmoil and bitter internal tensions that could adversely affect foreign affairs.

It is clearly in the long-term interest of the United States to exploit the current phase of internal Soviet travail to stabilize the external geostrategic relationship between the two countries while encouraging a more wide-ranging transformation of the Soviet system itself. Obviously, American leverage is much greater in regard to the former than to the latter, but U.S. policy must take both dimensions into account.

President Bush has recently defined America's current goal as that of the eventual integration of the Soviet Union into the community of nations. In broad terms, that is a fitting objective for a constructive policy. But the more tangible goal must be to make certain that Soviet military power ceases to be a threat to the West or a useful tool of policy to the Soviet leaders.

The best way to exploit the current situation would be to persuade Soviet leaders that major economic savings — as well as greater strategic stability — can best be achieved by both sides progressively abandoning strategic systems that pose a credible first-strike threat. The president could score points in the talks on strategic arms reduction with a bold proposal for both sides to phase out their ballistic delivery systems, eventually relying primarily on cruise missiles for nuclear deterrence.

In seeking external stability, the United States will not be able to ignore internal Soviet dynamics. At some point, the United States will have to define its attitude toward the national aspirations of the non-Russian nations in the Soviet Union. At a minimum, these aspirations will become an increasingly pressing human rights issue. The progressive transformation of the centralized Soviet system into a genuine multi-national confederation would also serve U.S. interests: Greater political pluralism within the Soviet Union would generate internal impediments to the pursuit of external big-power ambitions.

Given the Soviet need for more economic contacts, the West is in a favorable position to encourage such a transformation. Any such change toward genuine internal pluralism — one that satisfies the legitimate national aspirations of the Balts, Georgians, Uzbeks or Ukrainians — would facilitate the wider international integration of the Soviet Union, as recently defined by Mr. Bush.

Meanwhile, Eastern Europe is seeking to define its authentic identity. The emerging pluralism in Poland and Hungary is likely to prove infectious. Czechoslovakia may soon explode, for its Stalinist regime is on its last legs. The spectacular victory by Solidarity in Poland is sending the same message for which the rebellious students in Beijing were so brutally crushed: Democracy is the way of the future.

The writer was national security adviser to President Jimmy Carter and is author of "The Grand Failure: The Birth and Death of Communism in the Twentieth Century." He contributed this comment to The Washington Post.

They Always Remember The Graves

By William Pfaff

PARIS — China's authorities would now like to deconstruct the truth about the recent past in order to prevent past from influencing future. The effort reveals how out of touch with their times the old men of Beijing are.

Their model in this effort is, of course, Stalinist, memorably epitomized by two Western authors, Hannah Arendt and George Orwell. Orwell imagined the "Ministry of Truth," whose task was to lie, and its "Records Department" (where Winston Smith worked), which rectified history by continuously rewriting newspaper files and books to make the record of history serve the changing needs of those in power.

The ministry's principles are now being applied in China, where the printed and televised record of Beijing's 50 Days has been revised to present to the Chinese an account of unprovoked attacks on soldiers and rampages by "hooligans."

The past is rectified, as Orwell wrote, to prove the party eternally right. "In this way predictions made by the party could be shown by documentary evidence to have been correct ... All history was a palimpsest, scraped clean and reinscribed exactly as often as was necessary."

Orwell's fiction elaborated what actually went on in the Soviet Union. Books and periodicals that contradicted what the Communist Party currently held to be true were, from the 1920s until quite recently, "corrected" or removed from Soviet libraries and archives.

The official Communist Party history was redrafted to suit those in power. Witnesses were murdered. As Hannah Arendt remarked in "The Origins of Totalitarianism," when Stalin ordered the history of the Russian Revolution rewritten to enhance his own role and eliminate or discredit those of his rivals, "the propaganda of his new version consisted in destroying, together with the older books and documents, their authors and readers."

At this very moment the Soviet government and Soviet historians are struggling with the problem of the secret protocols to the Nazi-Soviet pact of 1939, which partitioned Poland between the two countries and assigned to the Soviet Union the independent countries of Estonia, Latvia and Lithuania (which the Soviet Union annexed that October).

Soviet history has for 50 years denied the existence of these protocols. It has claimed that the people of the three Baltic nations "spontaneously" demanded union with the U.S.S.R. Everyone seriously acquainted with the matter knows this is rubbish. But where is the record? It was long ago destroyed in the Soviet Union.

In Moscow, the matter remains officially unresolved. For if the Soviet Union acknowledges that the Baltic states were forcibly annexed — if it admits the truth — it follows that Estonia, Latvia and Lithuania should be given back their independence.

China's leaders are attempting to suppress the truth about what happened there. Soviet experience demonstrates that it is useless to try. In this respect Orwell, whose novel ended in deep pessimism, has proven wrong.

Hannah Arendt was right. She wrote (in 1951): "It may be that even our generation will live to see a time when it is permitted to forget [totalitarianism] ... The futility of totalitarianism in the long run is as essential an aspect of the phenomenon as the offensive ludicrousness of the tenets for which it is prepared to commit its monstrosities." This is where we have arrived today. Totalitarianism experiences collapse, the consequence of its inherent sterility.

Truth, then, does prevail. What was was, and thus is. It is as simple as that. An American, longtime resident in Russia, said to me a few years ago, speaking about the mass executions committed during Stalin's agricultural collectivization campaigns of 1929-1934, "Any peasant can show you the graves." Those peasants may have been afraid for many years to show you the graves, but the graves were there, and everyone knew they were. Today, in the Soviet Union, the mass graves are being opened, the crimes acknowledged. Not only does the truth prevail, the dead walk.

No matter what the Chinese authorities want their people to believe about the 50 Days at Tiananmen Square, and about the murders that followed, and no matter how many participants and witnesses now are killed or jailed, those events happened. Having happened, they will make a difference to the future.

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100, 75 AND 50 YEARS AGO

1989: London-Pekin Rail

PARIS — General Annenkoff, the famous engineer of the Transcaspian Railway, is now devoting all his energy to a scheme for laying a railway through Siberia to the Chinese frontier. This line, which will go by the name of the Great Pacific, will enable the traveler to reach Pekin from London in eighteen days, whereas the journey now occupies thirty five days via Canada, Vancouver and Yokohama.

1914: Eating for Two

NEW YORK — The sex of children may be predetermined is the conclusion reached by Dr. Israel Bram, of Philadelphia. He says that an excess of nourishment in the mother may decide in favor of a female child, while a scanty diet with a low protein allowance favors a boy. In support of this theory it is advanced that in times of financial panic or war male infants are in the preponderance. Dr. Bram says of the thirty patients who placed themselves under his directions, twenty-six gave birth to boys. If a boy is desired eggs, meat, fish and cheese are forbidden.

1939: To Sanction Japan

LONDON — With relations between Great Britain and Japan hourly becoming more strained because of the Japanese blockade of the British Concession at Tientsin, Prime Minister Neville Chamberlain today [June 15] made what was construed as a cautious attempt to whip up enthusiasm in the United States for economic sanctions against Japan. The British realize that without American cooperation, economic reprisals against Japan would be ineffective, yet the British fear that any direct approach to Washington would provoke the old cry that Britain was attempting to get America to pull British chestnuts out of the fire. The British government is also reluctant to make any move that might push Japan into the arms of the Berlin-Rome Axis.

OPINION

Now the Liberals Have Lost Their Edge in the Court

By George F. Will

WASHINGTON — While Americans are marveling at the vitality of democratic ideas abroad, the consequences of democracy are appearing in the Supreme Court. These consequences are making many liberals cross.

Consider a recent case: An Alaskan salmon cannery has two categories of jobs, skilled and unskilled. The former are filled mostly by whites, the latter by Filipinos and Alaskan natives.

A suit filed on behalf of nonwhite employees said, and a lower court agreed, that this statistical disparity, even without evidence of intent to discriminate, placed on the employer the burden of proving that the hiring practices that produced it do not violate the 1964 Civil Rights Act banning discrimination in employment.

The nonwhite employees relied on a 1971 ruling by the unanimous Burger court that a mere statistical showing of "disparate impact" would be virtually sufficient to invalidate "practices that are fair in form but discriminatory in practice."

In the cannery case, the court, abandoning the 1971 reasoning, ruled 5-4 that mere statistical evidence that nonwhites are "underrepresented" in particular jobs does not do much to advance a discrimination complaint. Disparities must be shown to be caused by particular hiring practices, and employers can validate those practices by showing a legitimate business reason for them. The court says plaintiffs have the heavy burden of showing a causal connection between a disparity and a particular hiring practice, and demonstrating an alternative practice that would achieve the same business end with less racial impact.

This ruling will undermine reverse discrimination (affirmative action). The fact that mere statistical disparities have often been considered sufficient to demonstrate illegal discrimination has led, in turn, to statistical remedies: racial quotas. These have been imposed by public authorities or adopted pre-emptively by employers seeking to defend themselves against litigation.

Many liberals are saying that the "retreat" from the 1971 ruling is inherently disreputable. Their point ostensibly is that an 18-year life puts a precedent beyond challenge. But liberals know that a 58-year-old precedent was reasonably overthrown in 1954 in the school-desegregation ruling that repudiated the "separate-but-equal" doctrine. That repudiation was called a correction, not a retreat.

The liberals' actual principle, which they are too decorous to assert, is respect for the liberal ratchet: All irreversible change is in their direction. But the ratchet has been repealed.

The majority decision in the cannery case was written by Justice White, a John F. Kennedy appointee (who participated in the 1971 decision). He was joined by Chief Justice (by Reagan's nomination) Rehnquist and three Reagan appointees: Sandra O'Connor, Antonin Scalia and the newest justice, Anthony Kennedy.

One week later, in another civil-rights case decided 5-4, the same majority further impeded the "race-conscious" policies of affirmative action. It was a case brought by a group of white firemen in Birmingham, Alabama. They charged that under a 1974 agreement between some employees and the city, less qualified blacks have been promoted ahead of them. The court (Justice Rehnquist writing for the majority) affirmed the right of whites to sue. The court held that a voluntary agreement between two groups is not immune from challenge by a third group. Justice Rehnquist's reasonable principle is that "a person cannot be deprived of his legal rights in a proceeding to which he is not a party."

This decision may mean an explosion of conservative legal challenges. Litigious liberals are not happy.

Both decisions are deeply satisfying as ratifications of the sovereignty of the political process. The majority in these cases was completed by the addition of Justice Kennedy. He was nominated when Robert Bork was blocked by forces now fiercely unhappy about both decisions.

The anemia of liberalism as a political movement is part cause and part effect of liberals attempting end-runs around the political process. Too often they have resorted to litigation rather than legislation — judicial fiat rather than democratic persuasion — to achieve their agenda. Now they have lost (at least on some major issues) even the Supreme Court.

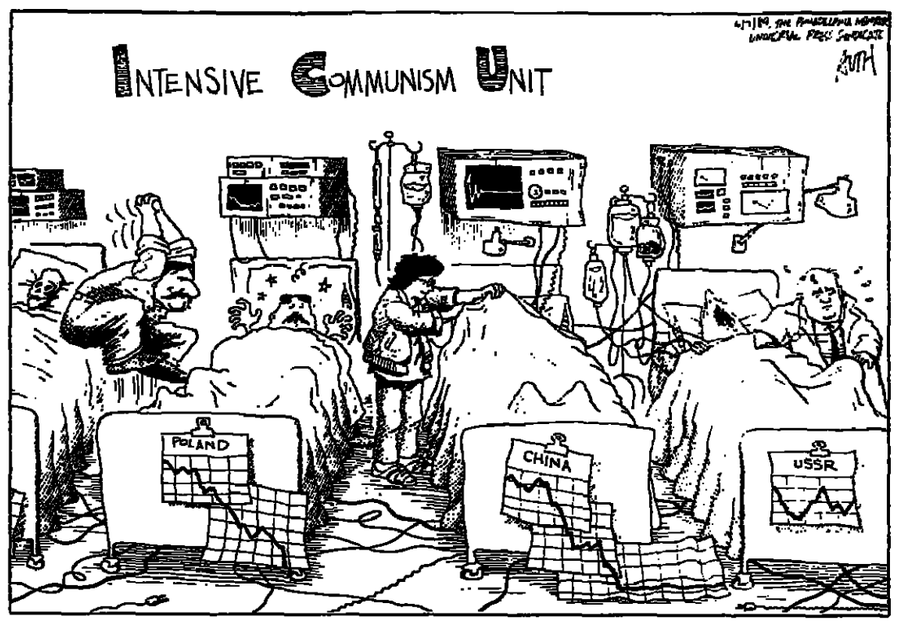
And now Senator Howard Metzenbaum, Democrat of Ohio, a high-octane liberal, has an idea. He is so out of sorts about the ruling in the cannery case that he is contemplating an attempt to amend the Civil Rights Act to codify the position the court took in 1971. Imagine: a liberal resorting to legislation to change the law. What will they think of next?

Washington Post Writers Group.

But Racism Lives On

IF we are going to say goodbye to affirmative action, then we had best redouble the national effort to both fight and recognize racism. Ronald Reagan did neither. George Bush, however, comes out of that wing of the Republican Party with roots in the Abolitionist movement. If he is going to be true to his heritage, he must ensure that reverse discrimination is not replaced by the old discrimination. This means, among other things, more federal aid to minority college students; it means increased vigilance by such entities as the Civil Rights Commission. A Supreme Court majority, viewing the world from country club pools, sees only green fairways. It is now up to the president to notice the caddy.

— Richard Cohen, Washington Post.



LETTERS TO THE EDITOR

Disenfranchised in Europe

European Parliament elections are being held this week throughout the member states of the European Community. While our neighbors and colleagues of other European nationalities (except the Irish) enjoy full voting rights indefinitely when they leave their home country, we Britons abroad lose all right to vote in the United Kingdom after five years residence abroad — not only in British elections but in European Parliament elections, too.

This is particularly ironic for Britons like the members of The Association for the Rights of Britons Abroad, who are working in Europe and trying to make the 1992 single-market plan a reality.

JAMES SPENCE.
Luxembourg.

U.S. Blackmail in Geneva

The mandate and programs of the Geneva-based World Health Organization are unrelated to U.S. foreign policy toward the Middle East. Yet this respected, specialized agency of the United Nations has survived a crisis caused by the self-proclaimed state of Palestine seeking full membership and by the United States threatening to withhold its $37 million in assessed dues if the PLO bid succeeded.

The WHO Assembly's compromise, calling for a one-year postponement, was not a rejection of Palestine's quest for full membership, contrary to the smug proclamation of the U.S. delegation's spokesman that the decision was "a victory for the health of the people of the world." Regional politics, the secret ballot and the developing countries' realization that they simply cannot afford to lose valuable WHO assistance clearly influenced the outcome.

Palestine, now recognized by at least 98 countries, undoubtedly will continue to press for recognition and assistance through membership in other international organizations. The U.S. government has announced its intention to withhold funds from any international body admitting the PLO to full membership. Should any member state of an intergovernmental body be permitted to contribute as much as 25 percent of the budget, thus providing an opportunity for crippling blackmail if disagreements arise?

G. FRANCIS WILLIAMS.
Geneva.

Nationalism Is the Problem

Regarding the editorial "Back to a Sinister Pact" (May 31):

The editorial justly criticized the cynical Nazi-Soviet secret protocol of 1939 that allocated the Baltic states and what was then eastern Poland to the Soviet Union. It was a plea for opening the archives — a sentiment I endorse strongly.

Yes, the Soviet Union is dragging its feet in acknowledging that this secret protocol is genuine. But then the editorial suggests that the issue is "whether Moscow is prepared to give the territory back." I am reminded of when Robert Kennedy suggested there was legitimacy in Mexican claims to the American Southwest and California, ignoring self-determination on the part of present inhabitants of the area.

Irredentist nationalism is, perhaps, the world's most powerful force. But where does it stop? Shall we declare a moratorium on all irredentist claims earlier than, say, 1900? Why not 1800? Are we to pull out the Old Testament to make a Solomon-like judgment on the historical validity of Israeli and Arab claims?

Yes, the Soviet Union is embarrassed. And well it should be. But to suggest a redrawing of German and Soviet boundaries to redress this injustice is, to say the least, ahistorical. The eastern boundary of Poland was established only after Polish military victories against the Soviet Union in the early 1920s. Who is right?

Yes, the new Europe will have to deal with the legacy of old wars. But it might be best to address the real problem, nationalism, and avoid the kind of moralizing that returns to haunt the moralizer.

WARREN F. KIMBALL.
Cambridge, England.

What an EC Inquiry Found

Your report of June 8 concerning the EC Commission ruling on the industrial gas business (*"Gas Suppliers Yield to EC on Pacts"*) says that the commission found that "L'Air Liquide and Britain's BOC PLC had also acted illegally by abusing their dominant positions in the EC market." This is incorrect. The commission found nothing in respect to [illegible] activities to prove an abuse of dominant market position.

The EC Commission spent seven years examining the industrial gases business in Europe, involving several hundred man-years of work for the companies involved. The result of this, so far as BOC was concerned, has been some fairly minor contractual changes that we do not believe will have any material effect on our business or how we conduct it.

RICHARD V. GIORDANO.
Surrey, England.

The People Read the Sign — And Took It to Heart

By Meg Bortin

ON the road into town from the airport, a giant poster in reds and blues proclaimed "Power to the People." Berkeley 1969? No, Moscow 20 years later.

A sign of the times, and a revolutionary one if the ordinary Soviet citizen ever gets a chance to make it reality. But then, it was erected by the same leaders who now denounce the command-from-above practices of the past 70 years, even as they continue sending down the party line in banners and slogans.

MEANWHILE

So a slight change in the litany was noticeable upon returning to Moscow after an absence of seven months. But what about the rest? The answer sprang forth from the streets.

The Moscow Spring flourished this year, fertilized by the Congress of People's Deputies and the seeds of excitement it planted in homes throughout the nation as its two-week inaugural session was beamed live onto television screens.

In the evenings, unplugging themselves from their TV sets, thousands of ordinary people gathered in a rowdy festival of flags, petitions and speeches to do outdoors what they would not have dared a season earlier — speak their minds.

The raucous crowds at Luzhniki, convening on the tarmac of a bus parking lot beneath the huge Lenin Stadium by the Moscow River, seemed drawn by a collective will into a modern passion play of sorts, a public settling of accounts after decades of repression.

"*This is our Hyde Park,*" one woman said as she moved toward a cluster of posters defending Andrei Sakharov, who had been angrily jeered in the Congress for suggesting an investigation of reports that Soviet officers had shot their own soldiers in Afghanistan rather than see them taken prisoner.

Poking through the knot of people, the homemade posters declared, "Sakharov, We Are With You," and "Sakharov Is the Conscience of Our Times." Others were still bolder. "Send Yazov and Chazov Out to Pasture," one read, in a snide dismissal of the defense and health ministers. "Budapest, Prague … Beijing, Moscow?" said another, held by shaggy youths who looked much like the erstwhile protesters in People's Park in Berkeley.

Around a raised podium, the suspense at the counter-Congress was palpable as people awaited an appearance by Boris Yeltsin, the maverick populist who has captured the hearts of Moscow. Booming out from loudspeakers, speeches were in full swing. Everyone who got a chance took the tribune, and debate raged over whether the deputies over at the Kremlin were fulfilling their mandate to the people. When one man got up and denounced the feeble response of the Congress to the events in Beijing, a roar of approval went up.

Amid all this, police watched benignly from the sidelines. These were the officers who, as recently as last autumn, routinely broke up the timid demonstrations held on Pushkin Square. Outnumbered by the masses, how did they feel?

"We're just like everybody else," one man in uniform shrugged. And Yeltsin? Wasn't there a threat to authority in the return from disgrace of the former Politburo member after his massive endorsement in the elections to the Congress? "It was a secret ballot," the policeman said with a wink, as a fellow officer smiled.

There was no interference as groups hoisted their homemade banners bearing insignia with no resemblance to the hammer and sickle. The Moscow Popular Front predominated, its white-and-navy flag billowing beside the podium and from *samizdat*-covered telephone poles in the lot. Another flag carried a crest from czarist days, attracting a throng curious to see what its bearers proposed.

A year earlier, flags became a symbol of the fight for greater freedom in the Baltic republics. Their bearers in Lithuania, Estonia and Latvia were hauled off from demonstrations by the security forces. But now, those flags have been legalized, and the authorities in Moscow seem to have adopted the same relaxed approach as their Baltic colleagues.

The question people are asking these days is, will it last?

Many are convinced that it won't. Some friends, biochemists at the Academy of Sciences, have decided to emigrate to the United States for fear of a backlash. He is Jewish, she is Armenian and they fear for the safety of their two young sons if conservatives of an anti-Semitic bent gain the upper hand.

Ordinary people who never before had the chance to travel abroad are leaving in droves. There is a five-day wait to get an Aeroflot ticket, and planes to most Western destinations are booked through the summer. Some of those who leave will never come back, preferring the risk of estrangement in a foreign land to the familiarity of a much-loved city at a time of uncertainty.

The shortages fuel the concern. An acquaintance gratefully accepted salt purchased at the hard-currency shop for foreigners. The regular shops in Moscow have run out, and sugar is being rationed amid rumors that the ration cards will soon be applied to other staples. Thoughts of sabotage by disgruntled bureaucrats in the food sector are increasingly on everybody's mind.

Taking the airport road back after a week's stay, the conversation turned to these impressions. So much hunger for a better life, so many hopes to be nourished. One final observation as the car neared the air terminal. The Congress of People's Deputies had adjourned the night before. The "Power to the People" sign had come down.

International Herald Tribune.

ASIAN TOPICS

To Block Informants, Tie Up Beijing Phones

Some Chinese residents overseas are trying to tie up Chinese government telephone lines set up for informants. Their aim is to block Beijing residents from turning in pro-democracy demonstrators.

In France, a group calling itself "Freedom Calls to China" is encouraging not only Chinese but people all over the world to phone in to 861-512-4848 and 861-512-5666.

If these lines are tied up, and the Chinese authorities designate new ones, "we shall know as soon as they are announced," the spokesman said, "and we'll announce them too. This isn't just symbolic — it can really help." He asked that his name not be used "because I have relatives in China."

In the United States, a nationwide computer bulletin board used by Chinese university students studying in America lists about a dozen Beijing hot lines set aside for informing on dissidents.

A Stanford University student, who requested that his name not be used, said he called a Beijing hot line and spoke with an operator for 20 minutes.

"I told her that there were 3,000 people killed by soldiers," the student continued. "She said if I were Chinese I would have a conscience and believe my own government. I said if she were a real Chinese she would have a conscience and not report to the government on the students."

He said the operator paused, then hung up.

Around Asia

Thailand's new ban on domestic logging has increased the pressure on neighboring Vietnam, Laos and Cambodia for their timber — pressure brought by Japanese loggers and by the Thais themselves. Officials of all three Indochinese countries are alert to the threat to their forests. Last month, Prime Minister Kaysone Phomvihane of Laos called for a ban on logging for export. But experiences in other countries give scant grounds for optimism, Denis D. Gray of The Associated Press reports from Vinh Phu, Vietnam. Some Western environmentalists say foreign loggers will simply do what they have doneelsewhere: buy off anyone who tries to stop them from cutting down the forests.

Japanese police will seek cooperation though Interpol, the international police organization for exchanging information on criminals, to prevent people from other Asian countries from coming to Japan to engage in prostitution, according to sources in Japan's National Police Agency. Agency figures showed that 936 of 1,574 non-Japanese women questioned by police for illegally working with tourist visas were found to have been engaged in prostitution, up 150 per cent from last year.

Malaysian immigration officials are shaving the heads of illegal immigrants from Indonesia before they are deported so they can be identified if they return immediately, according to the New Straits Times of Kuala Lumpur. About a million illegal immigrants from Indonesia work on plantations and construction sites in Malaysia, the government says. Immigration officials arrest and deport many of the Indonesians, but many return within a few days.

Almost all Indian truck drivers are unaware of basic traffic rules and cause most of the country's 40,000 road deaths each year, according to a survey by the state-run Central Road Research Institute of 755 truck drivers from all parts of India. It showed that 99 percent of them cannot read or recognize even main road signs. Many people will not drive outside the cities at night because of the danger from unlighted and overloaded trucks and buses. The institute recommended that truck drivers be required to pass a written test for a driver's license. But this poses a problem in a country where only about a third of the population is literate.

Arthur Higbee

Selling America: U.S. Bankers in Tokyo

By Fred Hiatt
Washington Post Service

TOKYO — They vacation in Thailand, have suits made in Hong Kong, date Japanese women and spend hours every day working in Tokyo selling America to the Japanese.

Pioneers of a new world economic order, still in their early 20s and graduates of the best U.S. universities, these Americans are the flip side of their country's trade deficit with Japan — and they are flocking to this new center of financial might.

While Americans at home buy Nissans and Sonys, the growing corps of "baby bankers," as one of them put it, helps Japan channel its dollars back into American skyscrapers, factories and other assets.

Several young investment bankers said in recent interviews that it was both exciting and unsettling to serve as acolytes to the new relationship.

Their ambivalence, after watching the seemingly unstoppable Japanese economy from close range, echoed an uncertainty that many U.S. policymakers and voters display of alternately admiring and blaming Japan and blaming and excusing America for the growing economic imbalance.

"I do have ethical qualms," said Dwight Poler, 23, who helps Japanese investors buy companies in the United States.

"Obviously, there's a risk of selling off all of your assets."

But Mr. Poler, who works in Morgan Stanley's mergers and acquisitions department in Tokyo, said that while Americans complain about overeager Japanese investors, his work depends on Americans as eager to sell as Japanese are to buy.

"It's easy to say the Japanese are awful, or they're buying America on the cheap," Mr. Poler added.

"But when executives in the U.S. decide to sell, they come to us and say: 'Make sure you check out the Japanese market. Make sure we're not missing out on a high price.'"

According to statistics provided by Morgan Stanley Japan Ltd., Japanese will spend about $14 billion on foreign real estate this year, up from about $1 billion in 1985.

Japanese investment in foreign mergers and acquisitions has zoomed from almost nothing four years ago to more than $12 billion last year.

During the same period, Morgan Stanley's Tokyo office nearly quintupled its staff.

The 10 largest U.S. securities firms in Tokyo, led by Salomon Brothers Asia Ltd. and followed by Morgan Stanley, employed more than 2,700 people at the end of 1988, according to Gavin Anderson & Co. A majority of those workers were Japanese, but a large minority were young Americans in Japan for one or two or three years to sell stock, trade currencies or deal in American and European assets.

Many of Mr. Poler's colleagues and competitors came to Japan for the money or a good time.

They live better than they could in New York and far better than Japanese brokers and bankers of the same age.

"This is the best-kept secret," said Jim Jackson, 24, a Georgetown University graduate who specializes in real estate. "We live great lives."

Like many of their friends, Mr. Jackson and Mr. Poler came to Japan more or less by chance, in part because their companies had trouble recruiting older staff from New York for duty in Tokyo.

Once in Japan, they receive cost-of-living allowances that may boost their earnings to close to six figures and they live in apartments in or close to Tokyo that rent for $5,000 or more a month.

For many "baby bankers," the Tokyo experience is eye-opening and sobering as well as lucrative.

Mr. Poler and his friend Benjamin Nye spent hours debating the merits of their jobs and the implications for America's future.

Mr. Nye recounted: "Some guy in our church at home came up to my parents and said, 'What in God's name are you doing, allowing your son to sell America to the Japanese?' He was actually very distressed that I was over here."

On the whole, Mr. Poler said, he does not share that feeling. So far, Japanese buyers have pursued only friendly takeovers of U.S. companies, he said, usually leaving management and the work force intact, unlike many American and European buyers.

But Mr. Nye, who recently left Japan after 15 months, took a less sanguine view. He arranged financing deals for PaineWebber Group, persuading Japanese companies to lend money to U.S. airlines that need new jets.

Mr. Nye said he had arrived "naive" about U.S.-Japanese relations, "perfectly ready to blame Americans for making a bad product, for being lazy here."

But the longer he watched Japanese business, the more he came to see unfairness in the trading relationship between the two countries.

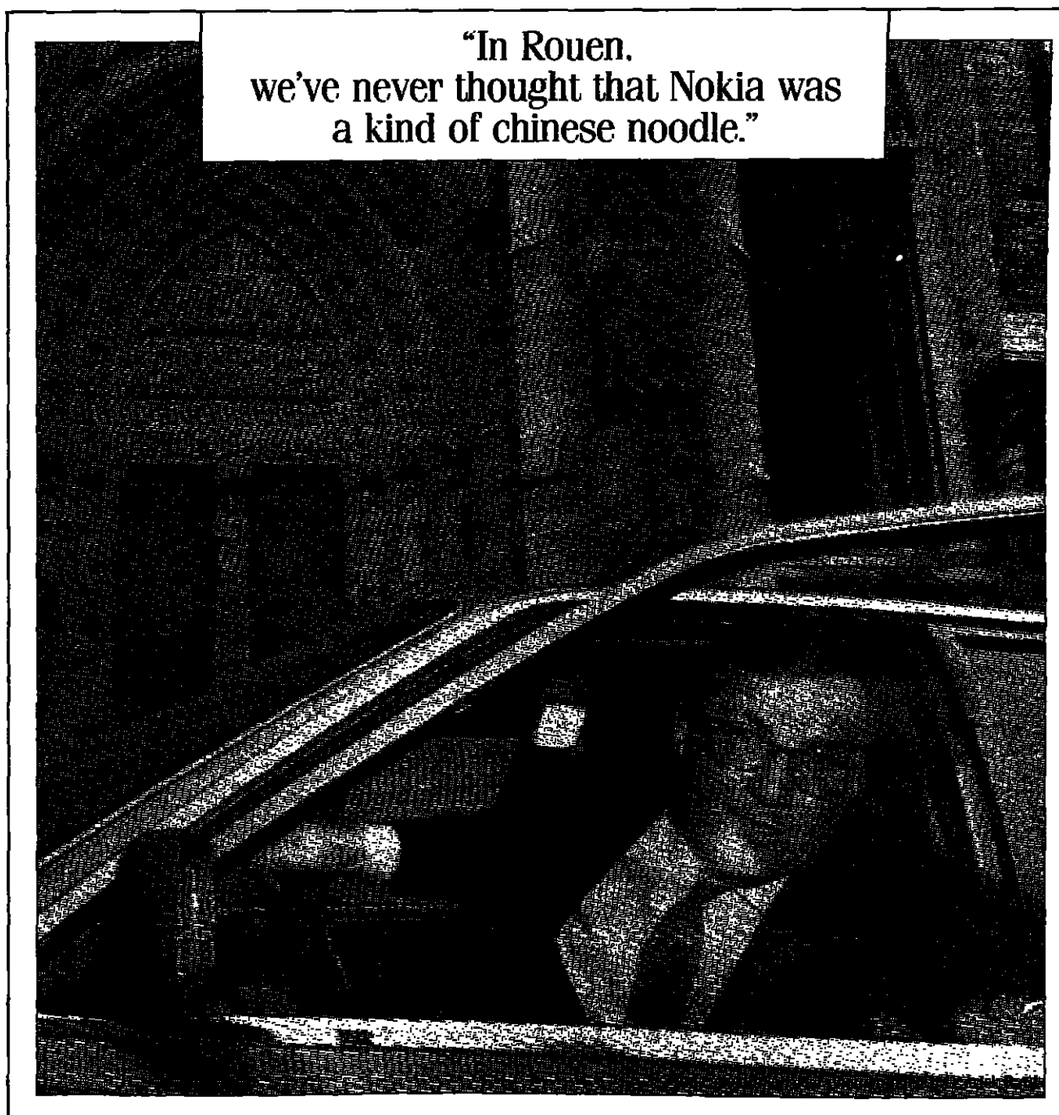
"There are two completely different systems, which is fine, until they start competing against each other," he said. "They can buy us, but we can't buy them."

Mr. Nye said his stay in Japan had made him fear for America's future.

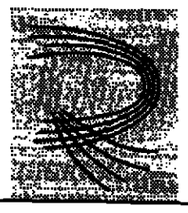
Heavy consumption in the United States, combined with a system in Japan that discourages workers from even taking vacations, left him worried that the imbalance will only worsen and allow Japan to acquire more American assets.

"They're accumulating our currency while we buy and buy and buy Japanese goods," he said.

"Someday they could call us on it."



We haven't waited for 1993 to meet the European challenge. To make ROUEN a key economic zone worldwide. To back the establishment of high turnover factories by top firms such as NOKIA, CARNAUD, MATRA, AKAI, TOSHIBA, FERRERO, UTA INDUSTRIES, LUBRIZOL, I.C.I... We haven't waited for 1993 to stimulate American, Japanese, and European investment in UPPER NORMANDY - the foremost region in France for foreign investment. We haven't waited for 1993 to build Ariane's rocket engines in VERNON, to mass produce vitamin B 12 in ELBEUF, to generate 10 % of France's nuclear-power industry in PALUEL... In a word, we're not waiting for 1993 to boost foreign investment and make ROUEN a key city on the economic scene. Close to PARIS, yet much less expensive, ROUEN is Europe's leading cereal port. Only one hour's drive from the sea, your business will most certainly benefit from the 10 000 firms and 35 million potential clients in the area.



ROUEN, key city

Contact : Elisabeth Boudier - Tel. : 33.35.71.71.35

Thursday's NYSE Closing

Via The Associated Press

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
ParCom	27935	60¾	58½	59½	
WarnC	27312	57⅝	55⅝	56	+1
Syntex	24573	52¼	51¼	51⅝	— ½
DowCh	24505	88¼	86¾	87¾	— ½
EKodak	22608	49⅞	47⅞	48¾	— ½
Wendys	21753	6¾	6½	6¾	+ ½
USX	20843	37⅞	36⅝	37¼	+ ⅝
Hanson	20673	16⅞	15⅞	16¼	+ ⅜
FordM	18816	49½	48⅝	49	— ¼
IntgRsc	16715	9⅝	5	6⅛	—5⅞
Texaco	15957	49⅝	48⅝	48⅞	— ½
IBM	15685	110⅛	108½	109¼	—1⅛
AT&T	15311	35⅝	35⅛	35¼	— ⅜
Time	14080	173¼	170¾	171½	—3⅛
BkBost	13439	28⅜	27⅜	27⅝	— ⅝

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	92.44	—0.08
Utilities	92.99	—0.05
Industrials	91.89	—0.11

Market Sales

NYSE 4 p.m. volume	179,480,000
NYSE prev. cons. close	201,312,830
Amex 4 p.m. volume	15,870,800
Amex prev. cons. close	17,650,000
OTC 4 p.m. volume	137,582,400
OTC prev. 4 p.m. volume	131,634,600
NYSE volume up	37,806,500
NYSE volume down	124,428,700
Amex volume up	6,335,700
Amex volume down	6,949,400
OTC volume up	n.a.
OTC volume down	n.a.

NYSE Diary

	Close	Prev.
Advanced	442	745
Declined	1079	725
Unchanged	467	517
Total Issues	1988	1987
New Highs	48	109
New Lows	24	15

NYSE Index

	High	Low	Close	Ch'ge
Composite	180.37	178.94	178.97	— 1.86
Industrials	216.20	214.42	214.54	— 2.29
Transp.	173.23	171.87	171.87	— 1.84
Utilities	87.52	86.89	86.89	— 0.73
Finance	154.38	153.10	153.07	— 1.73

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
June 14	274,158	549,020	46,161
June 13	293,466	561,148	19,344
June 12	308,956	564,719	50,572
June 9	470,531	533,108	22,177
June 8	338,407	599,397	47,240

*Included in the sales figures

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2497.95	2505.97	2460.82	2474.81	— 28.55
Trans	1149.74	1153.78	1134.54	1139.55	— 10.51
Util	206.20	206.85	204.18	205.19	— 0.89
Comp	953.63	956.77	940.62	945.51	— 9.27

AMEX Diary

	Close	Prev.
Advanced	182	257
Declined	393	323
Unchanged	286	289
Total Issues	862	871
New Highs	23	38
New Lows	10	7

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	370.40	365.18	366.20	— 4.20
Transp.	268.80	263.26	265.74	— 2.53
Utilities	133.18	131.41	131.85	— 1.29
Finance	31.02	30.45	30.57	— 0.51
SP 500	323.83	319.21	320.08	— 3.75
SP 100	299.84	295.30	296.39	— 3.45

NASDAQ Index

	Close	Ch'ge	Week Ago	Month Ago
Composite	447.10	— 3.54	453.99	439.81
Industrials	434.80	— 4.17	444.67	436.33
Finance	524.64	— 0.53	524.65	508.85
Insurance	506.78	— 2.84	506.61	483.81
Utilities	703.74	— 11.06	732.74	673.38
Banks	478.53	— 0.68	479.20	460.99
Transp.	423.85	— 2.00	427.11	415.43

NASDAQ Diary

	Close	Prev.
Advanced	788	722
Declined	1,212	985
Unchanged	n.a.	—
Total Issues	n.a.	—

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
BAT	42647	10⅛	9⅞	10⅛	+ ⅛
GlobNR	7155	6⅛	5	5¾	+ ⅝
EchoBy	5534	14⅞	14⅜	14⅝	+ ⅛
Lionel	4135	[illegible]	[illegible]	[illegible]	
OMI	3401	11	[illegible]	[illegible]	[illegible]
TIE	3226	[illegible]	[illegible]	[illegible]	[illegible]
TexAir	2945	14⅛	[illegible]	[illegible]	[illegible]
WangB	2801	8	[illegible]	[illegible]	[illegible]
MoomC	2467	[illegible]	5	5	[illegible]
DWG	2432	[illegible]	[illegible]	[illegible]	[illegible]
Amdal	2010	[illegible]	[illegible]	[illegible]	[illegible]
AdRsIEl	1984	[illegible]	[illegible]	[illegible]	[illegible]
Sol wt93	1956	[illegible]	[illegible]	[illegible]	[illegible]
FAusPr	1889	[illegible]	[illegible]	[illegible]	[illegible]
FruitL	1885	[illegible]	[illegible]	[illegible]	

AMEX Stock Index

High	Low	Close	Ch'ge
363.83	360.53	361.00	—2.83

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Stock Prices Slump on NYSE

NEW YORK — Stock prices closed sharply lower in active trading Thursday on the New York Stock Exchange, depressed by selling tied to weakness in other financial markets and concerns about Friday's "triple witching hour."

The Dow Jones industrial average, which eased 0.18 point Wednesday, fell 28.36 to 2,475.00.

Broader market gauges also fell. The New York Stock Exchange composite index tumbled 1.86 to 178.97, and Standard & Poor's 500-stock index slid 3.75 to 320.08. The price of an average share lost 37 cents.

Declines led advances by about a 5-to-2 margin. Big Board volume totaled about 179.5 million shares, compared with about 170.5 million shares traded Wednesday.

Analysts said futures-related selling and profit-taking drove stock prices lower ahead of Friday's "triple witching hour," a quarterly event in which stock-index futures, index options and options on individual stocks expire at the opening and close. Such "hours" in the past have caused volatile trading.

"An (impending) expiration puts a disturbance on the surface of the market," said Don R. Hays, director of investment strategy at Wheat, First Securities Inc. in Richmond, Virginia. "It also keeps some traders on the sidelines.'

Traders said unexpected drops in bond and dollar prices following the release of three economic reports set the stage for the stock market's decline.

The Commerce Department said the U.S. merchandise trade deficit narrowed to $8.26 billion in April from a revised $9.54 billion in March. Also, the Federal Reserve said factory operating rates eased 0.3 percentage point to 83.8 percent in May, while industrial production held steady.

Hays said the reports fell within expectations. However, the unexpected drop in dollar and bond prices led stock investors to cash in on the 260-point rise in the Dow industrials since March.

"We've had a fantastic market since March with a lot of rotation in strength among sectors," he said. "The downtick last week and this week is a reflection of just letting some hot air out of the market."

Along with the profit-taking, weakness in the dollar and bond markets triggered computer-driven sell programs, which involved the sale of stocks and the purchase of stock-index futures, traders said.

On the trading floor, Paramount Communications was the most active NYSE issue, closing unchanged at 59½. Warner Communications followed, rising ⅞ to 55⅞. The Wall Street Journal reported that Time Inc.'s board is leaning toward a possible tender offer for Warner Communications. Such a move, the report said, would cost more than $10 billion and force Time to take on massive debt in order to fend off the $175-a-share bid from Paramount Communications.

The Amex Market Value index fell 2.83 points to 361.00. The price of an average share lost 11 cents. Declines led advances by about 2-1. Volume totaled about 15.8 million shares,

A–B

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

C–D–E–F

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

F–G–H–I

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

I–J–K–L–M–N

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

N–O–P–Q–R

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

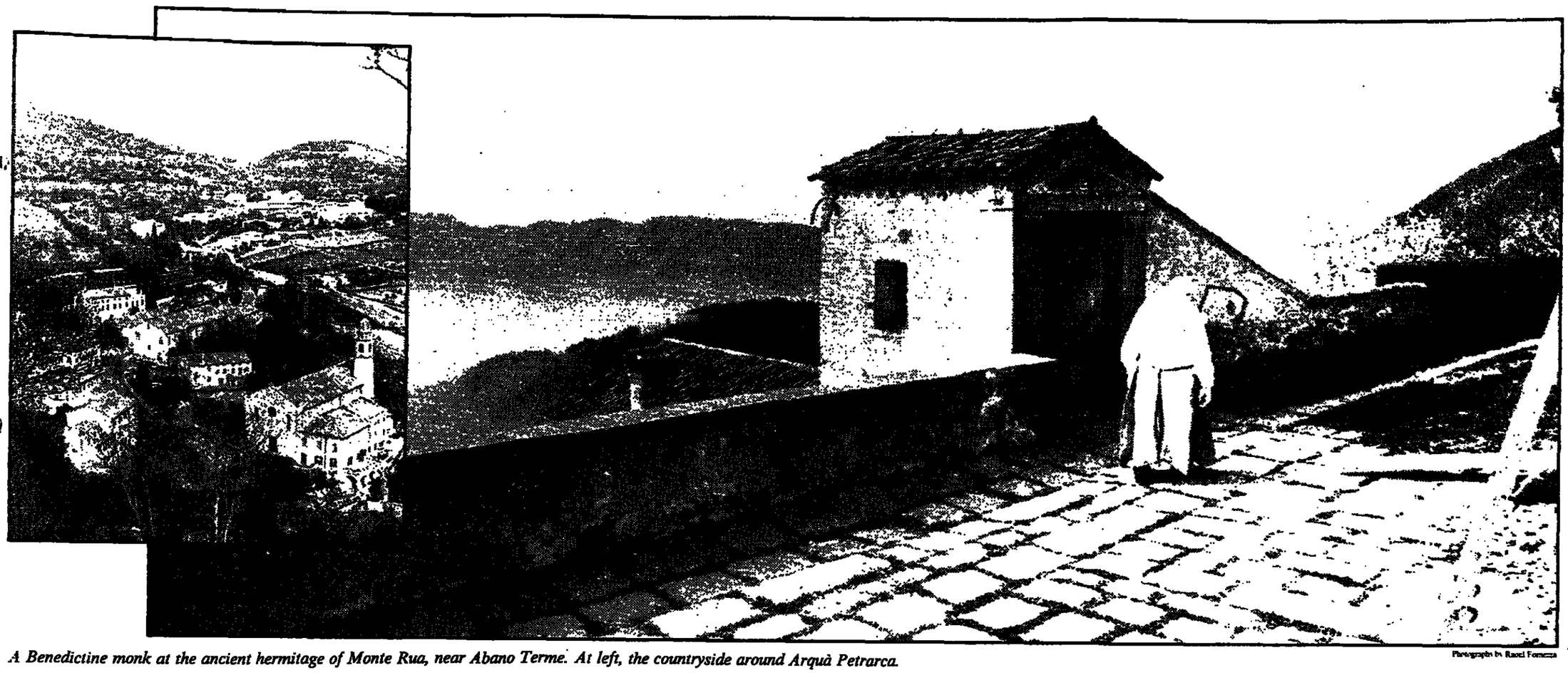
(Continued on page 12)

Strong
In Con
Patient Post
Brings Best

International Herald Tribune

TRAVEL

❑ Peru Rain Forest
❑ Kashmir Crafts
❑ Dining in Paris



A Benedictine monk at the ancient hermitage of Monte Rua, near Abano Terme. At left, the countryside around Arquà Petrarca.

Photographs by Raoul Fornezza

In Northern Italy's Euganean Hills: Spas and Souvenirs of Petrarch

by Alberta Eiseman

PADUA — The vast plain that surrounds Venice by land is unobstructed but for a cluster of cone-shaped, green-clad mounds that rise on the outskirts of Padua — the Euganean Hills. The hills are volcanic in origin, and their eastern valleys are dotted with hot springs known since ancient times for the therapeutic qualities of their waters and mud.

The area, with its medieval towns, historic monasteries and peaceful vistas of vineyard-covered hillsides, was the setting for a stay prompted by the reading of a travel book found on a family shelf. The book, dated 1911, was written by this writer's great-grandmother, Bona Benvenisti Viterbi, a spirited Paduan woman with several published works, who explored the history and lore of the region. Writers such as Byron and Shelley, and others not so well known, have been attracted to the Euganean Hills for centuries, and so have painters — the distinctive profiles of the peaks are mirrored in the paintings of Andrea Mantegna and other artists of the 15th century.

For Paduans and Venetians in the past, the Euganean Hills were a favorite site for villas in which to spend the summer months. Today's motorist could tour the area in a day or two, on a round trip of about 65 miles out of Padua or as a detour on the way from Venice to Milan or to the south. We chose a more leisurely way, making headquarters at a comfortable hotel in Abano Terme, largest of the four major spas.

When ancient Romans limped into Abano to heal their arthritic joints and aching war wounds, or to consult the two resident oracles, they could actually see near-boiling water gushing up from the ground. Today, the old free-flowing springs have been replaced by sleek treatment centers within the city's 80 hotels. The very hot water, which feeds swimming pools and therapeutic tubs, is also gathered into special enclosures to enhance the healing properties of the mud set aside for applications. With the addition of radioactive algae, the legendary mud — called fango — has been recommended for rheumatism, arthritis, gout, post-operative therapy and beauty treatments. Upward of two million visitors, Italian and foreign, arrive each year for a cure of two to three weeks, as well as to enjoy hotel life, fine shops, nighttime entertainment and sightseeing tours to nearby towns.

MOST hotels in the ever-expanding resort are of recent construction and dubious architectural merit. Two remain from an earlier, more graceful era: the Hotel Trieste e Victoria, where the Italian high command resided during World War I, and the truly grand Grand Hotel Orologio, whose front lawn sports the current date spelled out in flowering plants, changed daily. The grounds are lavish; the main facade, built in the style of a gracious Venetian villa, dates from the first half of the 19th century. A drink at the bar, or a caffè, offers a glimpse of après cure at its most elegant.

It is hard to see the Euganean Hills from downtown Abano, but a few blocks from high-rise hotels and shopping streets you are among them, on two-lane roads that snake between one slope and the next and then climb sharply. The area boasts some 40 wooded peaks, from mere waves in the plain to steep Monte Venda, almost 2,000 feet (610 meters) high.

A morning's exploration revealed rural scenes we thought had vanished from up-to-date northern Italy. Wheat fields, dotted with poppies, ripple in the breeze; vineyards climb the lower slopes in squares, stripes, wedges — whatever suits the terrain. Ancient stone farmhouses alternate with neat new homes, each with its fig tree, artichoke plants and kitchen garden. A rooster stands watch at the side of the road; a man and a young boy tend to vines; a woman gathers hay with a wooden rake. Today is represented by the droning of tractors in the fields, and by a roadhouse advertising disco dancing. Behind an ancestral farmhouse, a small garage an-

Continued on page 10

2,000 Years of the Great Saint Bernard

by Mavis Guinard

WE were rushing toward the Mediterranean, driving up the pass of the Great Saint Bernard through nearly vertical vineyards, past stone-roofed chalets, gorges lined with pine forests and orderly meadows. We might have avoided the last hairpin bends by taking the road tunnel, but the kids had to see those dogs, so we drove up to the high gully were the massive hospice is mirrored in an icy lake.

It looked forbidding. We made for the bright parasols of the hotel terrace and the inevitable bazaar. After buying postcards, like 85,000 others each summer, we went over to see the dogs, then sped on to Italy.

This may be the year to return to that stark hospice where the monks of St. Bernard have maintained and renewed their vocation to aid travelers. For 2,000 years now, the pass of the Great Saint Bernard has linked Switzerland to Italy, the Valais to Aosta. All summer starting this week, the bimillennium will be celebrated with fervor, festivities and exhibitions to recall its history.

THE pass was opened in 12 B.C. when the Romans — long after Caesar had come and conquered Helvetia — wiped out the last Celtic redoubts. The pass was dedicated to Jove and, 50 years later, Emperor Claudius had a stone road built that would be used until the last century.

After the fall of the empire, it was abandoned until Charlemagne restored it as a pilgrim's way to Rome. It was a long and not easy route. Local legend says a dragon feasted on one out of 10 pilgrims until Bernard de Menthon slew it. What is certain is that, in 1050, St. Bernard made the pass safer.

"As archdeacon of Aosta, he was responsible for the security of his flock. His merit was to set up the hospice where it was most needed, at the highest point of the pass, 2,469 meters [8,080 feet] high. Unfortunately we have no record of their feat of building the original two-story structure — far larger than any of today's alpine huts," said Jean-Michel Girard, who is the prior of a four-man community.

The monks live here the year round and follow his simple rule. "We worship the Lord and help any traveler in need," says Prior Girard. "Even if travelers do not choose to stay overnight, our rule specifies that they be

Continued on page 11

Feasts of Tofu in Tokyo and Kyoto

by Barbara E. Thornbury

TOKYO — The tofu restaurant Sasanoyuki is justly proud of its 300-year history in the same location in northeastern Tokyo. Its rather poetic name was given early in the restaurant's history, by a member of the imperial family who had been living at a temple nearby. As the story is told, he compared the restaurant's soybean curd to "snow on bamboo leaves" (in Japanese, *sasanoyuki*). To this day, the restaurant continues to serve only its own freshly made tofu.

Tofu, one of the most important and versatile ingredients in Japanese cooking, is the star of Sasanoyuki's menu; it's also the featured item at the Goemon restaurant in Tokyo and at the Okutan restaurant in Kyoto. The white cakes of soybean curd, rich in protein, were introduced to Japan from China 10 centuries ago. Over time, the techniques of making tofu were refined and almost every conceivable

The white cakes of soybean curd were introduced to Japan from China 10 centuries ago.

cooking method was applied — from boiling to freezing, steaming to drying, grilling to frying, to just using it fresh.

Tofu is still made by thousands of small, neigborhood shops around Japan, holding their own against the encroachments of large-scale manufacturers. Even with the modern equipment most tofu makers now use, it takes skill to turn out a consistently high-quality product.

The basic process begins with soaking dry soybeans. The softened beans are then crushed, boiled and strained — to separate the soy milk from the soybean pulp. The next step is to add a coagulant to the soy milk, and then to pour the curdled milk into molds.

Depending on how much coagulant is used, whether the curds and whey are separated, and whether any of the liquid is pressed out, either of two types of tofu are made: cotton or silk. Cotton (the name comes from the cotton cloth that lines the mold and leaves its imprint around the edges

Continued on page 11

TRAVELER'S CHOICE

Musical Vacations

■ A series of musical vacations, including one to Barcelona for a performance of "Samson and Delilah" with Plácido Domingo on June 24, is being organized for the summer. Future trips will include festivals in Aix-en-Provence, Salzburg, California and Colorado, and a performance of the Bolshoi Ballet in Moscow. Tickets and information can be obtained through the offices of Europera in Paris, Brussels, London, Madrid, Milan, Munich, Vienna and other European cities.

Museums: Afloat and Ashore

■ The Illinois State Museum has transformed a working riverboat into a floating cultural museum that will travel the Illinois River from Joliet, Illinois, south to St. Louis and back again, stopping at 18 ports. The exhibition, known as Harvesting the River, depicts the region's environmental and social history with artifacts, early 20th-century photographs, videotapes of historic and current river activities and a series of lectures, folk music concerts, storytelling sessions and workshops. The journey begins Aug. 27 and ends Nov. 22. Special programs and festivals have been organized at each of the museum's scheduled stops. . . . The Canadian Museum of Civilization will open June 29 in Hull, Quebec, just across the Ottawa River from Ottawa. The museum will feature re-creations of key sites in Canada's history, including a Pacific Coast Indian village and a 16th-century Basque fishing vessel. . . . The Eiteljborg Museum of American Indian and Western Art will open in Indianapolis on June 24. The collection's strength lies in works by Frederic Remington, Charles Russell, Albert Bierstadt and Georgia O'Keeffe. Native American exhibits include artifacts from the Tlingit.

Alaska Travel Pass

■ A pass good for unlimited travel by bus, train and state ferries in Alaska is being offered for the first time. Three plans are available. A pass valid for 8 consecutive days costs $389; for 14 days, $599, and for 21 days, $699. Children 2 to 11 are charged two-thirds of the adult price; infants and toddlers under 2, free. The passes are good for unlimited travel on the Alaska Marine Highway (the state ferry), Alaska Railroad, municipal buses and the largest interstate bus line, Alaska Express (a subsidiary of Gray Line of Alaska). Information: Alaska Pass, P.O. Box 897, Haines, Alaska 99827.

For Castle Enthusiasts

■ Castle fans, take note: Paul Johnson, the author of "A History of the Jews," has written the text for "Castles of England, Scotland and Wales," just published by Weidenfeld & Nicolson in London (£12.95). The book is beautifully illustrated with photographs of many of the astonishingly large fortresses of Britain's past, some of them ruins, some of them restored to full, terrifying splendor, and with diagrams and ground plans.

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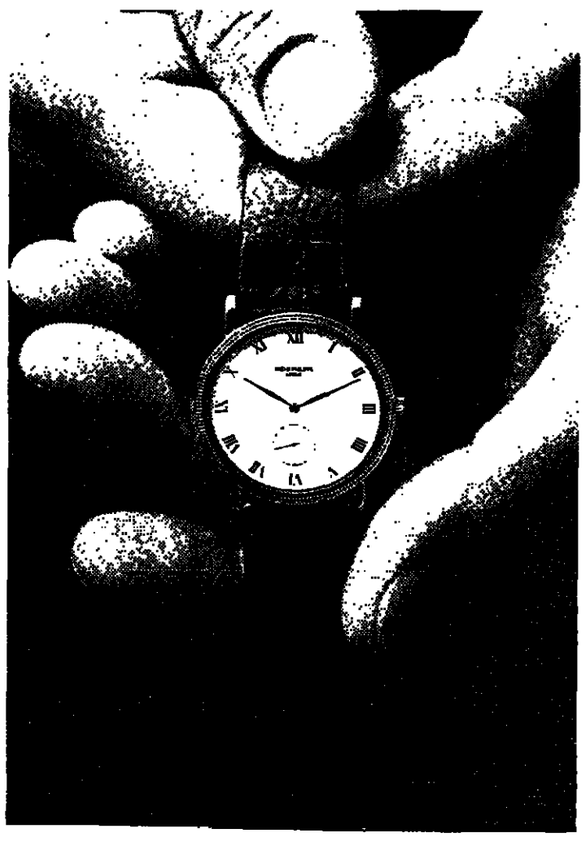

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TRAVEL

THE FREQUENT TRAVELER

Flying Around U.S., Canada? Airpasses Offer Bargains

by Roger Collis

NORTH Americans enjoy the cheapest air fares in the world — thanks to airline deregulation. But the best bargains of all are reserved for overseas visitors who have had the foresight to purchase an airpass before they leave home. For example, the one-way normal coach fare Miami-Toronto is $265, and New York-Los Angeles is $545. With a USAir/Piedmont airpass you will only pay $99 and $199 respectively. You even earn miles with your frequent flier program.

All of the major U.S. and Canadian carriers offer airpasses for travel on their domestic networks. In most cases you can use them to cross from the United States to Canada, and vice versa. If you plan to travel extensively in North America on business or pleasure, an airpass can save you up to 70 percent of the coach fare with few restrictions.

Residents of North America may not use the passes. They are available only to overseas visitors possessing a round-trip ticket on scheduled flights and must be bought before leaving home. Some airlines (Pan Am, TWA, Northwest) require you to fly either with them or with a national carrier of the country you start out from in order to qualify for their airpasses.

Typically, an airpass is valid for 60 days from the time you start to use it. You normally buy it in the form of coupons, one for each segment of your itinerary. Some airlines count connecting flights, others do not, but in many cases each flight involves a hub connection and thus requires two coupons. And there may be limits on how many direct transcontinental flights you can make.

Northwest is the only airpass with a first class option: All the others restrict you to coach. The Northwest first class pass costs $649 for four coupons.

WITH most airpasses there is a *minimum* of two to three and a maximum of eight to 10 coupons. Pan Am, Continental and Northwest set no limit on how many you can buy.

You must specify your itinerary in advance but only the first sector needs to be pre-booked in most cases; you can leave flights open and change the date and time of travel. You may be able to change your routing for a penalty — $25 for USAir/Piedmont and $50 for Air Canada.

Northwest and Delta offer standby airpasses allowing 30 days of unlimited travel. The Delta standby, valid for the continental United States, costs $399; Northwest's standby includes both the continental United States and Canada for the same price, and offers one that includes flights to either Hawaii or Alaska for $599.

Choosing an airpass is a matter of deciding which airline best serves the cities on your itinerary (although you may want to alter it for the offers you can't refuse), the best gateway for entering and leaving North America, and hubs you prefer to use and avoid. Of course, you want to look at conditions of purchase and use, and how much flexibility you need.

Prices are much the same: Three coupons will cost you from $216 with Pan Am to $299 with Northwest. Expect to pay $35 to $45 for each additional coupon. But you're likely to get best value by flying the greatest distance. No sense in wasting coupons on short hops, such as Toronto-New York or New York-Boston.

For flights like these, consider a Visit USA (VUSA) ticket, which you can use either by itself or in combination with an airpass. VUSA tickets are the same as normal coach tickets (they are only available in coach) but around 30 percent cheaper. You're able to change flights and switch from one airline to another. Like airpasses, they are only available to nonresidents, though you can buy them in North America seven days in advance.

"Normally, there's no point buying an airpass with a minimum of three coupons if you are flying one sector," says Julie Proctor, operations manager at WEXAS Travel in London. "But if you compare it with San Francisco-New York on a VUSA fare you may find it cheaper to use one coupon and throw the others away."

A good way to combine economy with reasonable flexibility is an "open-jaw" APEX ticket (whereby you fly into one gateway and return from another) using an airpass or a VUSA ticket in between. The cost is the total of half the APEX fare to each city. Even on a full-fare you will be better off with a point-to-point ticket to the West or East coast, making all the stopovers you need on an airpass.

Experienced travelers try to avoid congested gateways, like New York, Los Angeles and Miami, where you can expect long lines at Immigration, in favor of nonstop flights to: Cincinnati (Delta from Frankfurt and London), Boston (Sabena from Brussels, Northwest or TWA from London, TAP Air Portugal from Lisbon), Seattle (Pan Am from London, SAS from Copenhagen, Northwest from Seoul and Tokyo), Detroit (Northwest from Paris and Frankfurt), St. Louis (TWA from London) and Charlotte (Piedmont from London).

Flying into Charlotte, for example, a USAir/Piedmont "System-Wide" airpass (buy one sector for $199 and additional sectors for $45 up to a maximum of 10) gives you a huge choice of itineraries such as Charlotte-New York-Los Angeles-San Francisco-New York for $334. USAir/Piedmont also has four regional airpasses: a West Coast (Los Angeles-San Francisco-Seattle-San Francisco, and an East Coast (Miami-New York-New Orleans-Miami), each for $234; California/Nevada (Los Angeles-Las Vegas-San Francisco for $140), and an Intra-Florida (three sectors for $149).

SEVERAL airpasses offer side trips as an optional extra. From Miami, you can do a round-trip to Grand Cayman or Jamaica, or Los Angeles to Honolulu for $200 each with Northwest. Delta offers Hawaii and Mexico from its Atlanta hub for $300 to $400, depending on time of year. With United you can make round-trips to Alaska ($300 from Seattle), Hawaii ($350) and Mexico ($200) from Chicago or San Francisco. Continental sells round-trips to Honolulu from Los Angeles or San Francisco for $300, and to Mexico from Houston and New Orleans for $200.

American and United Airlines' airpasses are worth considering if you are looking for an extensive choice of destinations in both the United States and Canada. Neither requires that you fly to North America with them.

Air Canada's airpass is a good buy if you plan to visit both the west and east coasts and down to Boston, Seattle or New York. You don't have to fly Air Canada from your home base and you can originate the pass in the United States. Halifax-Boston-Toronto-Montreal-Calgary-train across the Rockies to Vancouver-Seattle-Los Angeles-Toronto-New York will cost you $557 (for 7,423 flying miles). The regular coach fare would be $1,964 for somebody living in North America. ■

Kashmir's Exquisite Papier-Mâché Work

by Barbara Crossette

SRINAGAR, India — In India, where the traveler on a shopping expedition can wallow in brass and silver and gold, brilliant silks and bold cotton hand looms, embroideries, appliqués, fine leather, pottery and wood, some people never get around to the exquisite papier-mâché boxes of Kashmir. That's a pity.

Kashmiri papier-mâché work — not only in boxes, but also in bowls, trays, lamp bases and other objects — reflects in its finely drawn and gilded decoration the Persian heritage of this Muslim frontier of India. Courtly scenes and lavish flowers are favorite themes, recalling the splendor of Mogul life and the richness of Mogul gardens.

For visitors, souvenirs and gifts of papier-mâché have added advantages. They are relatively inexpensive — from only a few dollars for little boxes, trays, Christmas ornaments or decorated "eggs," to about $60 for a medium-sized jewelry box — and they are very light in weight, while sturdy enough to withstand the knocks of travel.

Papier-mâché is a craft carried on in homes and small workshops all over the Kashmir Valley. Children of 10 or 11 help with the simple tasks, as they sit beside elders who have mastered their art over decades.

The process of making a fine piece of papier-mâché is a lengthy one, said Syed Zulfikar as he walked a visitor through his family's workshops in Srinagar, on Dal Lake. Cutting corners means a loss of strength and quality, he added. The Syeds export most of their pieces to Europe.

Kashmiri papier-mâché work, a traditional craft among Shiite Muslims, a minority in the mostly Sunni Muslim valley, begins with the collection of scrap paper. "We used to use only certain kinds of paper," Syed said, "but now we find we can use any kind, with the right treatment."

The paper is soaked in water for four to five weeks, then extracted to be beaten in a giant mortar until it becomes a pulp. The pulped paper is put out in the sun to dry, the length of time depending on the season. Kashmir has a temperate climate, with snow and ice in winter and relatively hot summer days. The dried paper, in powdered form, is then mixed with rice water and allowed to coagulate. Meanwhile, craftspeople prepare wooden molds by covering them with a lightly glued layer of dry newspaper to prevent sticking later.

SYED said dozens of objects in the same shapes are made at once for efficiency's sake. In one of his workshops, 11-year-old Parvez Ahmad was coating round wooden balls that will mold Christmas ornaments, while Abdul Ganu Wani, a 50-year-old master, was putting the finishing touches (small wooden heads) on a flock of still unpainted ducks.

When papier-mâché objects have been shaped, dried and released from their molds, the finishing process that separates the best from the ordinary begins.

Two rough coats of buff-colored paint are put on each object at the Syed workshops and a rubbing down with pumice stone follows. When the boxes are smooth to the fingertips, they are coated with glue and fine tissue paper. This technique makes them stronger and heat proof, Syed said. A fine razorblade finish removes any tissue bumps.

Barbara Crossette/The New York Times

Syed Murtaza with papier-mâché items after they are decorated (right).

The boxes or other objects are now ready for painting, first with a base coat that will determine the background color — often blue or black. Then a master artist sketches in the detail on each piece, using a fine cat-hair brush. Pieces are then turned over for finishing to individual artists.

Every piece is an original. On some, almond-eyed women and lavishly dressed courtiers lounge on pillows; on others, floral designs or bright birds splash across the tops or spill down the sides.

Two coats of varnish and two to five days of drying follow the painting. At that point 22-karat gold detail is added. The Syed workshops have devised their own recipe of water, salt and gold leaf to make a workable paint. When dry, the gold detail is polished with semiprecious stones. Two more coats of varnish lock in the shine, giving the object the gloss of fine lacquerware.

Pieces then get a traditional black interior, locked in with yet another coat of varnish. At that point they are inspected for any flaws before being packed for export. Syed said most of his customers are in Europe, especially France and West Germany.

The family has no retail outlets of its own in Kashmir, except for a small showroom on the grounds adjoining Butt's Clermont Houseboats at the upper end of Dal Lake.

HIGH-QUALITY papier-mâché pieces from workshops like the Syeds' are on sale at Kashmir state government shops in Srinagar and New Delhi. In the capital, there are two Kashmiri showrooms, at 5 Prithviraj Road, near the Taj Mahal Hotel, and at 7A Emporium Complex, Baba Kharak Singh Marg, off Connaught Place. There is also a good selection at the Central Cottage Industries shop, run by the national Government, at 25B Connaught Place, off Janpath.

In Srinagar there are three Kashmir Government Arts Emporium outlets: the head office at Emporium Garden, Sher-i-Kashmir Park; at Lal Chowk and at Boulevard Road.

Good Kashmiri papier-mâché work, Syed said, should be uniformly smooth and sturdy to the touch. A box with square corners means wood has been added for strength; solid papier-mâché pieces normally have rounded edges.

Boxes — from tiny round pillbox size to small chests — are the most common papier-mâché products of Kashmir sold in New Delhi. But there are also picture frames and trays, egg cups and even wine glasses that are better to look at than to use.

Papier-mâché will resist water and other liquids, Syed said, but it should never be soaked, and it is not therefore recommended for beverages.

Large papier-mâché vases, some three or four feet high selling for hundreds of dollars, cannot be used for flowers that stand in water. Most Kashmiris, who use the large vases to decorate their homes, leave them empty or fill them with dried flowers or grasses from the mountain meadows of the vale of Kashmir. ■

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Italy's Euganean Hills

Continued from page 9

The mountain town of Arquà Petrarca adopted the name of its most famous resident, the 14th-century poet Petrarch.

nounces the presence of a skilled mechanic. Then a young woman in blue jeans and boots flies by on a motorcycle, long blond hair escaping from her helmet.

We climb a hill toward the ancient hermitage of Rua. The monks, Benedictines of the Camaldulian order, do not permit women to enter, but the drive itself, on a corkscrew road overhung with the branches of chestnut trees, offers constantly changing perspectives of other summits, topped by churches and monasteries, and of the valleys, a patchwork in shades of green, brown and gold.

The Benedictines must have found this area well suited to their lives of prayer and work. They built four monasteries: The most important is the one at Praglia, a monumental complex of reddish-gold structures that rises from the plain four miles from Abano.

The monastery was founded in the 11th century but rebuilt during the 15th and 16th. It can be visited on a tour guided by an eloquent young monk, whose fund of knowledge, though vast, does not extend to foreign languages. Told that some of his charges did not understand Italian, he replied philosophically, "They will help one another." Of special interest in the hourlong tour are the raised cloisters; the refectory, with its intricately carved Baroque stalls; the spacious church, designed by Tullio Lombardo, and the panorama of holdings farmed by the 54 resident monks.

On our second day's wanderings we ventured farther, heading for one of the recommended highlights of the region: the gardens of the 17th-century Villa Barbarigo in Valsanzibio. The vast park is considered a unique example of Italian Baroque landscaping, one of the few intact, at least in size. It may seem churlish, then, to complain that the landmark was in no shape for visitors when we saw it. Yet the elements so dear to patrician country retreats could be admired: fountains and ponds inhabited by black and white swans, grottoes, a maze and statuary of all kinds.

From Valsanzibio, it is a short ride on back roads to Arquà Petrarca, the mountain town that adopted the name of its most famous resident, the 14th-century humanist and poet Petrarch, whose name in Italian was Francesco Petrarca. Arquà is on three levels: first, the church, with Petrarch's tomb crowning the little square; then another miniature piazza with the town hall and a café, where local men sip wine and eye the motorists struggling to find a place to park, and next, the poet's home: an unpretentious, attractive stone dwelling designed in 1369 by a true Renaissance man.

THE town, with its steep, narrow streets and ancient buildings, and the poet's house, with unchanged views of vineyards and green hills, are more evocative of medieval times than many far more celebrated places. For centuries, pilgrims have been traveling these country roads to pay homage. The visitor's books on display carry the signatures of Byron, Mozart and Rilke, as well as royalty from many lands and several 19th-century Americans on the grand tour. Among Petrarchian souvenirs in the house are the chair in which he died, while reading, on his 70th birthday in 1374; early editions of his books; drawings and lithographs, many of them portraying the fair Laura, immortalized in his verse.

From Arquà, the road descends to Monselice, a pleasant city built at the foot of a small hill. Parts of the massive medieval wall still exist, as do the romantic ruins of a fortress atop a cliff. Graceful Piazza Mazzini, the town's center, distinguished by a 13th-century clock tower, leads to the Via del Santuario. Walking uphill, one passes a great stone castle built during the 13th and 14th centuries. Next comes a glimpse — through a locked iron gate — of a majestic staircase flanked by classical statues; a lovely home; a wall, next to the road, topped by a dozen statues of male and female dwarfs. We learn from two young women, as they dismount from bicycles and unlock the gate, that we are looking at the Villa Nani, or house of dwarfs. It houses law offices, they explain, and it is not open to the public.

We resume the steep walk to the Romanesque cathedral. It is closed, says a sign, as it is being used for recording. We sit in the shade on a low wall and listen to an expertly played piano, enjoying the panorama below: cobblestoned alleys leading to the newer part of town and then a sea of wheat and corn, and orchards, which specialize in peaches of great renown.

Another monumental set of walls awaits the traveler in Este, cradle of the illustrious family that later ruled over Ferrara. At the southwestern edge of the Euganean Hills, the towered ramparts of a 14th-century castle form the enclosure for a spacious public garden, with lawns shaded by towering cypresses and magnolias, exuberant flower beds and gravel paths where children ride their bikes.

Este's history predates that of Rome. A prestigious collection of prehistoric artifacts — jewelry, ceremonial vases in animal shapes, small figures — can be viewed in the recently renovated National Museum. It is in a 16th-century palace whose facade is a portion of the above-mentioned castle walls — a case history in the adaptive re-use of ancient structures.

Along the east side of the castle walls, a quiet road climbs up toward the hills, the Via Byron. A short walk leads to Villa Kunkler, the house Byron rented in 1817 and 1818, and where Shelley composed "Lines Written Among the Euganean Hills." Though the house is now privately owned, a stone marker pays tribute to the Romantic poets who, like Petrarch, found the hills a source of inspiration and peace. ■

Alberta Eiseman, a native of Venice and a resident of Connecticut, wrote this for The New York Times.

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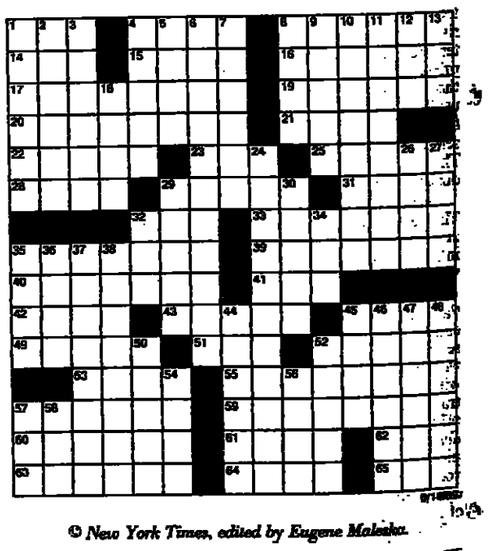

ACROSS

1 Encore
4 Tenth part: Prefix
8 Measurement of electric current
14 Canadian prov.
15 College in N.C.
16 Gardener's implement
17 Protective garb
19 Snarl
20 A little night music for the lady
21 "Thousand Days" queen
22 Corp. V.I.P.
23 "—— got your tongue?"
25 A carpenter, frequently
28 "—— the World ...": 1969 movie
29 Actress Ruth
31 Flavoring for Japanese soups
32 Sleep-research abbr.
33 "Rhinoceros" playwright
35 Thrown away
39 Least confining
40 Merchant of Venice
41 Publ. output
42 A neighbor of Fr. or Aus.
43 Kilmer poem
45 Backward star?
49 Lowest pinochle cards
51 Norris Dam agcy.
52 Relative of a geta
53 Zola's "The —— Shop"
55 Annoy
57 Author Falacci
59 Newborn
60 Tenant
61 Reptile, for short
62 Architecture feature
63 Celtics or Lakers
64 Salinger girl
65 Govt. entitlements org.

Solution to Previous Puzzle

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DOWN

1 Gives a leg up
2 Turn upside down
3 Sound-reproduction syst.
4 "The —— December," Bellow book
5 She, in Sonora
6 An ice bag, perhaps?
7 Tailor's measure
8 Puzzlers' favorite pooch
9 Wherewithal
10 Boz and Saki
11 Sideways
12 Fam. member
13 Before, to the Bard
18 ". . . ye are like to ——"
24 What Manx cats are not
26 Money in Lisboa: Abbr.
27 Underlying source
29 Equip again
30 Crannies' companions
32 King Arthur's lance
34 Anth. items
35 He's often raised
36 Against
37 Kind of army that must get tired
38 Abide
44 Show
45 Pro ——
46 Lessens
47 Adds up
48 Stan Kowalski's wife
50 More rational
52 What sync means
54 Nero's husband
56 Study or cudd
57 Grampus
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TRAVEL

Some No-Frills Dining With a Personal Touch

PARIS — As weather warms, thoughts turn to lighter, no-frills dining. And we are all the happier if that meal can be gentle on the budget. There are several spots, some new, some simply newly familiar, that fit the bill.

If you've given up hope of finding a decent meal in a banal-looking sidewalk café, try Les Fontaines. It looks like one of thousands of crowded, smoke-filled, Paris cafés, but both food and wine are as good as you will

PATRICIA WELLS

find in more impressive-looking bistros for twice the price. The owners, Roger and Suzanne Lacipière, are a dedicated pair and offer good, classic bistro-style fare.

Service here is all but nonexistent. Most people go here for the beef, aged a good two weeks in their own lockers. It's no surprise to find that Roger Lacipière is a former butcher, for his filet de boeuf au poivre is a model of its kind, lustfully rare and coated with a mouth-stinging layer of crushed black peppercorns. Equally good is the steak de gigot, a thick slice of leg of lamb, quickly sautéed, and served with giant portions of pan-fried potatoes. The very drinkable Saumur-Champigny is available by the bottle or in carafe.

A lot of people talk bistro, but few live it. A bistro is about generosity, personal contact, human touches, little restaurants that take on the quirks of the owner. Chez Géraud is that kind of place, where the owner — the mildly rumpled, mildly frenetic Géraud Rongier — sets the pace.

"Hey, this morning I tasted an incredible Alsatian white. Trimbach's 1983 Riesling. You've got to try it," and he pops the cork for visitors to sample. "And then you must try the Chiroubles. Been buying from this guy for 20 years. I nearly flipped out when I sampled it," Rongier continues, putting corkscrew to bottle again.

This dark-haired Auvergnat has finally moved beyond the wine-bar circuit to run his own style of restaurant. So while his wife tends to their wine bar (Le Val d'Or, 28 Avenue Franklin D. Roosevelt, Paris 8) he is on Rue Vital, serving platters of sabodet (the earthy Lyonnais sausage of pork, beef, pig's head and skin); silken terrines of foies blonds de volaille; deliciously tender, rosy lamb with buttery flageolets; giant grilled gambas resting on a bed of sea salt. In short, a menu filled with rustic fare, dotted with a few modern, inspirational touches.

While some of the dishes are a bit overcooked for my taste — a bar that was fresh but cooked timidly, over too low a fire; rabbit with cabbage that was a bit too nouvelle (as well as overcooked) — I still go back for the fine-tuned wine selection, and Rongier's cheerful disposition.

The Trimbach '83 is indeed a dream, a wine that defines what perfect balance means in a wine, and fragrant, crisp and clean. As for the Chiroubles, it has that rare, grapey, quaffable quality that perfumes the palate. For serious wine lovers, a return visit might also be in order to sample the Saint-Joseph, a lively, vanilla-rich Rhone Valley red that he bottles with loving care.

The decor — a not very successful interpretation of a turn-of-the-century bistro — is a bit cold, and the young waiters need to wake up a bit. Those who love posters will admire the colorful ceramic reproduction of Steinlen's "La Rue," which adorns the back wall as well as the service plates.

Leave it to the most Hollywoodian of French chefs to bring a touch of California. The media-conscious Jean-Pierre Vigato, of Apicius on the Right Bank, has expanded across town, opening La Manufacture just beyond the Porte de Versailles. It is a lively spot almost sure to succeed, attracting a trendy clientele. The airy, loft-like Manufacture looks like a renovation, but Vigato and his designers consciously constructed the space to resemble the large, open restaurants so popular on America's West Coast.

THERE is no question that Vigato has also decided to take advantage of Paris's expanding boundaries, setting up, not so coincidentally, within earshot of Maison Blanche, another very successful modern restaurant.

The kitchen is in the hands of Vigato's longtime second, David van Laer, who presents a quite satisfying (if not yet thoroughly successful) menu. Still, the overall result is pure Vigato: ultra-modern, spare and generally straightforward.

The best dishes sampled on a recent visit included a satisfying, well-seasoned petit pâté chaud de viandes; a simple platter of asparagus and leeks (a clever idea that keeps the price reasonable); and the superb saumon cuit-cru, very thick filets of salmon aged with herbs and spices, much like a Scandinavian gravlax. For those who can never get enough bone marrow, the warm, crunchy croquette de moelle de boeuf is a must. Most first courses are served with a perfectly dressed salad, a practice I heartily applaud.

Other dishes were less successful: a bourride that tasted more like a watered down gazpacho; a bizarre dessert of fresh grapefruit set on a bed of thick, gooey cream, and a riz craquant aux raisins that suffered from an overdose of cream.

The brief wine list is well-conceived and well priced, with an abundance under 100 francs. Best bets include Château de Beaucastel's Cru du Coudelet, one of the best Côtes-du-Rhônes one is likely to find, and two good-value Burgundies, including Simon Bize's fine Bourgogne rouge, and Louis Jadot's lively, unfiltered Auxey-Duresses.

Les Fontaines, 9 Rue Soufflot, Paris 5; tel: 43.26.42.80. Closed Sunday. Credit card: Visa. A la carte, 160 to 180 francs, including wine and service.

Restaurant Chez Géraud, 31 Rue Vital, Paris 16; tel: 45.20.33.00. Closed Saturday and Sunday. Credit card: Visa. A la carte, 250 to 280 francs, including wine and service.

La Manufacture, 20 Esplanade de la Manufacture (across from 30 rue Ernest-Renan), 92130 Issy-les-Moulineaux; tel: 40.93.08.98. Closed Saturday lunch and Sunday. Credit card: Visa. A la carte, 250 to 300 francs, including wine and service. ■

Exploring the Canopy of Peru's Rain Forest

by Oliver Tickell

PUERTO MALDONADO, Peru — Once over the snowy peaks of the Andes, all that can be seen on the flight to Puerto Maldonado, in the Amazon's southern headwaters, is an enormous dark green sea of forest. The only breaks are small clearings, increasingly frequent near the city, and rivers, gleaming silver in the tropical sun. Puerto Maldonado is the capital city of Madre de Dios, a Peruvian department that contains the largest area of pristine rain forest in the Amazon basin.

Struck by the moist tropical heat as I emerged from the aircraft, I was greeted by the Peruvian Safaris representative who took me and several other visitors to the city in the back of a pickup truck — no luxury perhaps, but the best available, as the local taxis are all mopeds.

Puerto Maldonado gives an impression of rapid and unplanned growth; but despite its raw, Wild West feeling, there are no signs of the poverty prevalent in other Peruvian cities.

Soon we reach a small port on the river, where dugout canoes jostle with larger low-slung wooden boats with small engines. Waiting while the boat is loaded, I get into

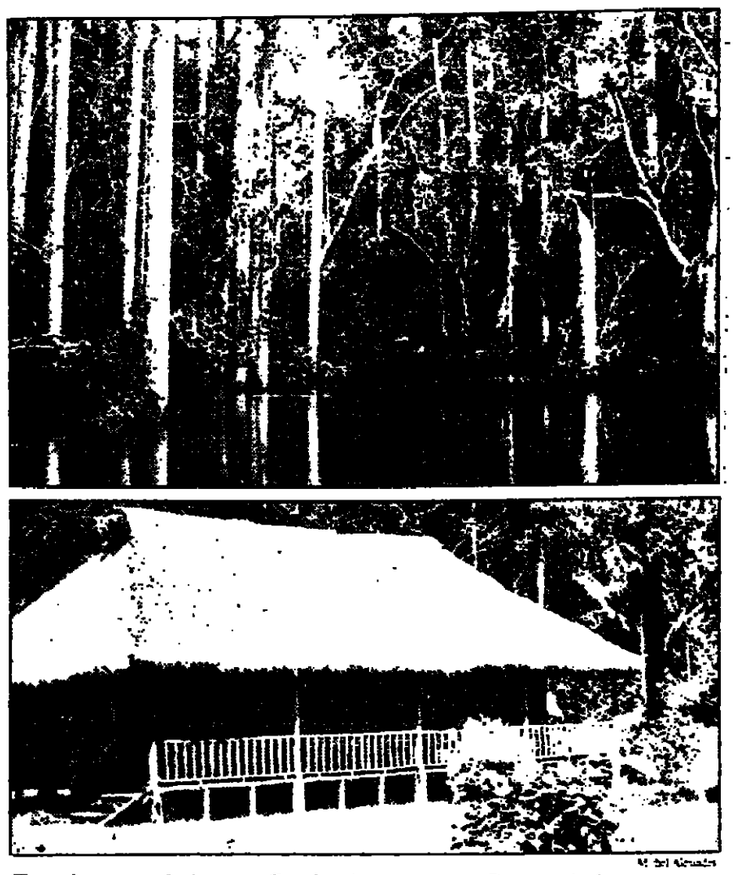
The New York Times

conversation with other visitors to the Tambopata Reserve, a 13,600-acre (5,500-hectare) rain-forest research center, and with Michel Alexiades, an ethnobotanist returning to his work there. As we chug our way up the river on a trip that can take from an hour and a half to three hours, depending on season, he explains what we see.

MUCH of the forest along the river has been cleared and replaced by fruit trees, cattle pasture and small homesteads, where highland farmers have been encouraged to settle as an alternative to agricultural reform. The scene appears green and pastoral, as it is the wet season, but in the dry season, smoke from forest fires started, according to Alexiades, by farmers clearing their plots, or *chaccras*, fills the air with a smoggy haze. As we continue our journey the forest thickens; on one bend in the river he points out a sandy beach that serves as a port for a medical center, established by the forest Indians to promote and apply their traditional medicine. It is here that he is collecting samples from the thousands of trees and plants, and recording their medicinal and other uses, before the knowledge of the Indians is lost.

Round a further loop in the river we reach our destination — the Explorer's Inn, at one corner of the reserve. Alex Robertson, the assistant manager, brings us cocktails and welcomes us to an excellent lunch. Here I meet some of the resident naturalists, volunteers who do research and also serve as guides. The buildings are spacious, and made from local materials — wood and palm thatch — to the traditional design, with the worthwhile addition of mosquito nets. After lunch, I go to my room and am pleased to find that it is clean and comfortable, and has a private bathroom with shower.

That afternoon, Robertson and I go out into the forest on trail clearance duty, wielding machetes, while the other visitors go out on a guided tour. Hacking down the rain forest vegetation may sound destructive, but the network of trails, which stretches for 30 miles (about 50 kilometers) through a great variety of forest types, needs constant maintenance. It is hot work. Although it is far cooler within the forest than outside, there is hardly a breath of wind and the humidity is close to saturation. My first experience of the wildlife is with the sweat bees that land on my clothes and skin to drink my salt-laden perspiration. Most of the wildlife is frightened away by the noise we make, but Robertson spots some small monkeys peering down at us from the canopy, before they escape into the twilight depths of the forest.



M. del Granado

Top, the reserve's Laguna Sandoval; bottom, the Explorer's Inn.

BACK at the lodge and hot and sweaty, I decide to join Alexiades in a swim in the Tambopata River; we walk down to the rocks on the riverbank and dive out into the murky red water. I was enjoying the swim until Alexiades told me about a friend who chewed all his shirts into rags out of sheer agony after being stung by one of the stingrays that lurk on the muddy river bottom. I am treated to a first-hand experience of the power of the river as we swim over to the other bank: It is all I can do to hold even against the current, and the crossing, about 200 yards wide, takes at least 10 exhausting minutes. Fortunately, a settler across the river takes us back in a motorboat.

Dinner that night is dominated by an expedition of birders, led by the Cuzco-based ornithologist Barry Walker, on their way to Machu Picchu and the Galápagos Islands. More than 570 different species of birds have been identified in the reserve, some for the first time, and the list is constantly added to. This makes Tambopata home to more bird species than any comparable area in the world, and it holds a similar record with its 1,200 species of butterflies. Many Amazonian birds are becoming increasingly rare, none more so than Tambopata's 18 species of macaws, toucans and parrots, eliminated in many areas by collection for the world's lucrative pet trade. Although Tambopata is a birder's paradise, if the surrounding forest is cleared, most of its species will also disappear in time.

The reason for its enormous diversity of life is that Tambopata lies on three distinct ecological zones — the upland cloud forest, the lowland rain forest and the savanna on the Bolivian border. And its canopy, broken by occasional storms from the south, provides a wide range of ecological niches.

The rain forest canopy, often a dizzying 150 feet (about 30 meters) above the forest floor, is the richest and least understood wildlife environment on our planet. The first clue to the number of species it contains was from experiments carried out at Tambopata by Terry Erwin of the Smithsonian Institution. Biodegradable insecticides released into the canopy brought down a rain of thousands of unknown insect species, each species of tree having its own unique population. Erwin says these findings indicate a possible 50 million insect species in the rain forest canopy — 10 times more than the total number of life species previously imagined. His further research at the nearby Manu Biosphere Reserve now suggests this may be an underestimate.

Meanwhile, at Tambopata, another project to explore the canopy is afoot. Mark, a quiet-spoken English mountain climber, has been scaling some of the giant emergent trees (that is, trees that have grown through the canopy), hauling himself up on the thick tangle of lianas that surrounds their trunks. Having reached the top, he leaves ropes hanging over branches, so that others can follow a less hazardous course, and help raise observation platforms into the treetops. As a result of Mark's pioneering work, Tambopata, with its 11 platforms, has the best canopy access anywhere in the world. Venturing onto the canopy is not part of the tour, but when Mark offers to help me up, it is hard to refuse without appearing cowardly.

Dangling from the end of the rope, and secured to another safety rope lowered down to me from above, I slowly make my way up. For the first time I can clearly discern the successive layers of vegetation: the understory, the middle story and the main canopy. It is not long before the ground seems very far away, and I have to shut my eyes to avoid a rising sense of panic. The worst moment is mounting the platform, 8 to 10 feet long and 6 feet wide. But once on it, the experience is magical, with the treetops spread around in a glorious vista of color and light. The tree sways in a gentle breeze, and I gradually relax my grip and move with it without fear, enjoying a wonderful sense of freedom.

As they grow accustomed to our presence, the birds and animals slowly return. Mark points out a plum-throated cotinga, recently thought to be a silent bird, until its song was heard from this very platform for the first time. After about an hour's quiet appreciation of this natural splendor, it is time to return to the forest underworld below.

In the afternoon I go for a walk in the forest, enjoying its dappled green shade and mysterious sounds, the stillness sometimes interrupted by wild animals: an armadillo rustling in the leaves, a herd of wild pigs crossing the trail ahead, a two-foot-long lizard disappearing between the snaking buttress roots of a giant tree. Many other animals, including bush dogs, giant anteaters, tapirs and jaguars, are also occasionally signted, but, before I encounter any of these, the skies darken and a huge thunderstorm breaks. The rain falls deep into the night, and for the first time I really understand the meaning of the words "rain forest."

Next morning, a resident naturalist leads a small expedition to a lake several hours' walk away. On the day, we are lucky enough to come across a troupe of howler monkeys making their booming early morning calls, then we spend a beautiful morning lazily floating in boats, watching the myriad water birds and enjoying the hot sun. The discovery of a dugout canoe in a little-visited backwater of the lake, maybe belonging to poachers hunting the black caymans and giant otters sometimes seen there, stimulates a discussion about problems on the reserve.

In spite of its protected status, poachers are known to enter the reserve, and its wild animals may be suffering. And a short time before my arrival, several *chaccras* were discovered in a corner of the reserve. Most serious, the reserve may become an island of forest, too small to maintain viable populations of its plants and animals. Several proposals are afoot to expand the reserve.

Returning to Puerto Maldonado, I muse on the future of the forests of Madre de Dios. One thing is clear: Tambopata is better visited sooner rather than later. ■

Oliver Tickell is the author of "Cusco," to be published by Connoisseur Publications in London. He wrote this for The New York Times.

Tofu Feasts

Continued from page 9

of the tofu) has a firmer texture, whereas silk (which uses no cloth in the mold and is smooth all around) is softer and more custardlike. Though cotton tofu holds its shape better in dishes that require extended cooking, either type can be used in most recipes.

Tofu is sold fresh or already fried or grilled. In some stores it can be bought freeze-dried. It is a familiar addition to *miso* soup and to one-pot dishes such as *sukiyaki*, *yu-dofu* (simmered tofu) and *oden* (a kind of

Some of the most imaginative uses are derived from the traditions of Zen Buddhist temple cuisine.

stew). In the hot summer months, chilled fresh tofu with a variety of garnishes such as grated ginger, chopped green onion and soy sauce, is a favorite all over Japan.

There are, however, many other uses of tofu. Some of the most imaginative are derived from the traditions of Zen Buddhist temple cuisine. It was chiefly Buddhist priests, whose religious vows prohibited them from eating meat, who were the earliest users of protein-rich tofu in Japan. For the first two of its three centuries, Sasanoyuki served only one dish, called *ankake-dofu*. That is still offered today, along with about a dozen other tofu selections.

Guests pick from among three set menus. The basic one, at just over $7 (prices figured at about 130 yen to the dollar), is a good introduction to the pure flavor of the snowy-white silk tofu the restaurant uses.

Subtle, though surprising, variations in flavor are achieved through the use of different sauces and garnishes. In *ankake-dofu*, the restaurant's original dish, the tofu comes with a sauce made of soup stock seasoned with soy sauce, sugar and *kuzu* (sometimes translated as arrowroot) starch, and finished off with a dollop of hot mustard. *Kake-joyu-dofu*, with a light soy-based broth, uses pieces of chicken, onion and *shiitake* mushroom. *Chiri-mushi-dofu* is tofu steamed with egg, a small amount of soy sauce and pieces of fish, and flavored with a bit of lemon.

The second set menu, at around $16.50, offers the three basic dishes as well as three considerably different ones. *Hiryozu* is deep-fried tofu mixed with roasted sesame seeds and chopped vegetables. *U no hana* uses the soybean pulp that is left when soy milk is squeezed out of boiled soybeans. The fresh pulp is sautéed with vegetables and slices of fried tofu. The third dish, sesame tofu, is not really tofu at all. Rather, it is a look-alike, made from pureed sesame seeds and water, and thickened with potato or *kuzu* starch.

The third set menu, at just over $23, comes with all the above, plus two more dishes. One is a tofu and egg custard. The other incorporates both *yuba* (soy milk skin) and *koya-dofu* (freeze-dried tofu) in a soy-flavored sauce simmered with vegetables.

ANOTHER restaurant in Tokyo that specializes in tofu, Goemon, changes menus with the seasons. In the colder months of October through April, Goemon features simmered one-pot dishes, such as *yu-dofu*. Guests cook the tofu for themselves at tables equipped with charcoal braziers.

From May through September, the highlights of the menu are chilled tofu and dishes garnished with fresh-picked greens. Goemon also serves *dengaku*, a delicious combination of grilled tofu and different types of *miso*. Prices for the set menus range from $31 to $42, which includes soup, rice and pickles.

Those who want to sample tofu cooking in Kyoto, the home of Buddhist temple cuisine in Japan, should try Okutan. It was founded in the 18th century, within the grounds of Nanzen-ji temple, to provide refreshment for visiting pilgrims.

Okutan is best known for its simmering pots of *yu-dofu*, served with side dishes of vegetable tempura and grilled tofu with *miso*. Summer dishes include chilled tofu as well as a dish called spicy tofu, fried dumplings made with fresh soy-milk curds seasoned with hot mustard. Prices for a complete meal at Okutan begin at around $20.

The superb meal, embodying centuries of culinary tradition, is complemented by the peaceful setting; the temple overlooks gardens and a pond, the kind of scenery that draws visitors to Kyoto. ■

Barbara E. Thornbury, a writer who lives in New Jersey, wrote this for The New York Times.

Saint Bernard

Continued from page 9

given a quarter loaf of bread, half a pound of cheese, a glass of wine and some soup. Of course, we can no longer offer this to every tourist. But we do offer shelter and sustenance to all who come on foot, bike or skis."

When, in 1800, Bonaparte forced his golden eagles, cannons and an ill-shod army over the Alps to Italy, his 40,000 men were also given bread, cheese and wine. Among them was Stendhal, then a young lieutenant bracing himself consciously for his baptism of fire. In his journal, he described the climb over uneven rock slabs, holding his horse's reins with only two fingers lest it slip and drag him over the precipice.

For centuries, traveler's accounts evoked the pass less with admiration than with fear. Most, like Stendhal, heaved a sigh of relief. Horace Walpole, whose plump spaniel was snapped up by a wolf before his eyes, swore: "I hope I never see the Alps again."

After a night on a straw pallet at the hospice, clambering down the other side was just as strenuous and unnerving. Yet on New Year's Eve of 1128, one priest alone was not enough to hear all the confessions of those trying to cross. From Martinmas on Dec. 11 to May, four lay helpers, the *maroniers*, patrolled each day to help travelers on either side of the mountain. The famous lifesaving dogs did not appear in accounts or engravings until the 19th century.

In spring, they always found some frozen bodies. The shrouded remains of 150 lost souls — some dating back to the 15th century — ended up against the walls of a small chapel. The morgue was sealed in 1936 and can no longer be visited. But once, a trip was not complete without a morbid glimpse through the grated window.

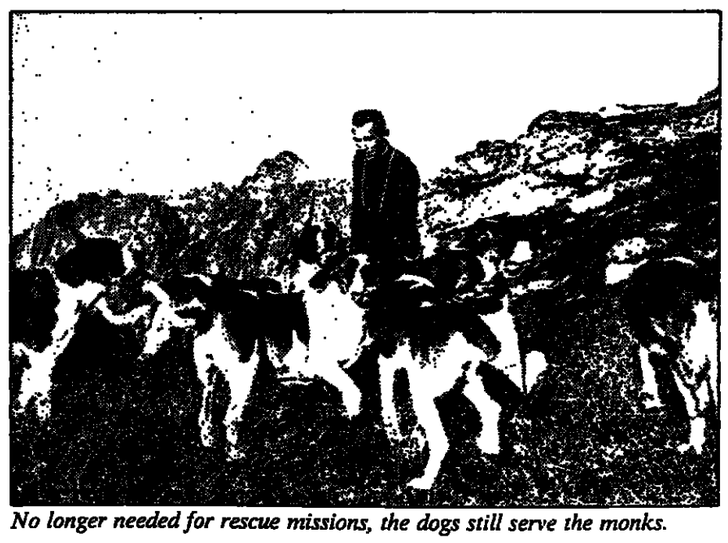
The notion of travel for pleasure did not appear until the 16th century. In 1608, Thomas Coryat, in perhaps the world's first guidebook, warned that Swiss roads "are very offensive to foote travellers. For they are pitched with very sharpe stones that will very much punish and grate a man's feete."

The Age of Reason thought little of oddities such as mountains. Scientists went there for information about the earth, to gather specimens of plants and rocks. On self-appointed missions to measure, record and catalogue, Horace de Saussure and others loaded delicate cumbersome equipment on the backs of their guides and climbed higher and higher to make observations.

IN the wake of Bonaparte's armies, his engineers had built poplar-lined carriage roads. The last shot at Waterloo proved a starting gun for hordes of British travelers. The travel patterns they set were followed by Thomas Cook's tours, and excursion coaches often stick to them today. A side trip up the old, 81-kilometer (50-mile) Roman mule trail to the Great Saint Bernard was a must and remained so.

"After the motor road was built in 1905, then the tunnel 25 years ago, we were overwhelmed by indifferent crowds in summer, alone at the pass in winter," recalls Prior Girard. "Since 1960, with the skiers, we have found a new calling. We are once more the guides of St. Bernard, in the spiritual and the physical sense. Whole families, groups of youngsters come up the hard way, on sealskins. The steep trail takes a few hours and allows Brother Bernard a chance to spin a few interesting parables along the way. Sometimes we have 50 or 100 skiers over a weekend. They stay for a night or more if the weather is bad."

No longer needed for rescue missions, the dogs still serve the monks. The few francs fee to visit them and the occasional sale of a chubby pup for $1,000 provides one-third of the funds needed to run the hospice. Their keepers like to point out that the dogs never carried a keg of spirits.



No longer needed for rescue missions, the dogs still serve the monks.

On Thursday, the anniversary of the pass was celebrated by the dedication of a new museum to present the hospice's treasure — a polychrome 13th-century statue of St. Bernard, ancient coins, jeweled crosses and ex-votos, gifts of the mighty or the small over centuries. All summer long, processions, a play, medieval markets and exhibits in the villages along the way will illustrate the pass's long history.

Other events:

June 18-19: Colorful processions from Sembrancher will recall all who trekked through the pass.

July 6 to Aug. 15: Medieval markets and a medieval mystery play on the life of St. Bernard will be held in Orsières on Thursdays and Saturdays.

Aug. 15: International jamboree for scouts from Italy, France and Switzerland.

Aug. 19-20: A people's march complete with costumes, dogs, Napoléon's Grenadiers and even an anachronistic elephant (Hannibal never came though here) will be held.

Information: Tourist office, 1920 Martigny, tel: (026) 22-10-18. ■

Mavis Guinard is a journalist based in Switzerland who specializes in cultural affairs.

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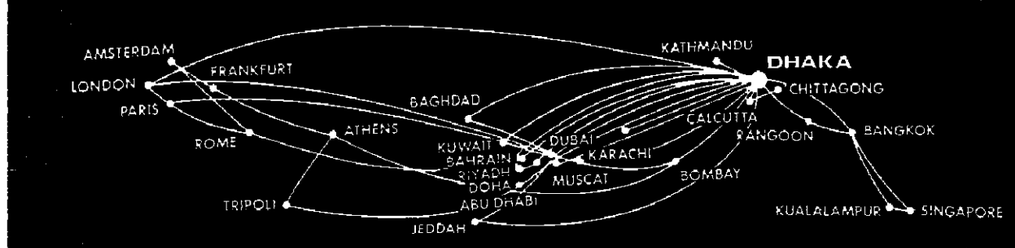

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(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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U-V

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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X-Y-Z

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
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NYSE Highs-Lows

NEW HIGHS 68

AmGvTrmTr n, AHlthPr, AmerHotel, Aon cp, ApPw 740pf, ArchDnM, CML Gp, ChasMn pfG, CinG 744pf, CinG 952pf, Circus, ClubMed, CWE 142pf, Crane, Curtiss Wrt, DayPL pfF, Duqsne Lt, DuqLt 2pf, Eastn Util, Eldon, FtBkSy pf, FstUnionCp, Hershey, HiltonHt, IdahoPwr, JerCe 812pf, JerCe 788pf, KansCtyPL, LIL Co pfI, LongsDrug, Marriott, MetEd pfI, MoreGrnft, Munsingwr, NSPw 411pf, NSPw 880pf, Norwest, NovoNord, OhEd 734pf, OhEd 864pf, OrionCap, OrionCp pf, OrionCp pf, OverShip s, PacificCorp, PhEl 380pf, PhEl 775pf, PortGenCp, PSind 852pf, PSEG 752pf, RepubNY, SanDie Gas, ScottysInc, SIGNET, SourceCap, SoUnCo, StdFdBk, StanrdgeRs, viTodShp pf, Torchmark, Transco pf, Tri-Cont pf, UnEl 440pf, UnEl 744pf, UnTel 150pf, ValerNGs, VaEP 745pf, WarnrComm

NEW LOWS 24

Alleen Inc, AlaPw adj pf, AmRlEst, ArizPS adj p, Balrnco, BenetonGp n, BlueArrow n, CtyInstBcp, CollnvGrd n, EquitecFn, GlblGovt, Idex cp n, IntegRsc, IntgRs adj p, IntgRs 425p, IntgRs 81pf, Matsush El, NIM adj pf, Quantum, Repsol n, Soumrk pfH, StoneCont s, Wabanlnc n, WelrtonStl n

AMEX Highs-Lows

NEW HIGHS 22

Am Petrof, Citicp wtM, Citicp wtY93, Convstnd s, CrwnCnPet, CrwnCnP B, EmerElCu wt, EaGthFd n, FtEmpirSt, Ford wty97, Ford wtY93, MorgJP wtM, NewmrkLew, PGE 125pfD, PGE 232pfJ, Ravenind, SDie Spf, Sifco s, SCE 145pf, StudLn wt93, Technitrl, VermntAm s, Vulcon Corp

NEW LOWS 10

Blount B, Clabir pf, ICH Cp, Pacicp pf, PauleyPtr, PetHeat, PrmeFncl, Semtech, TSF Comm n, TemcoNtl n

U.S. Futures

Via The Associated Press

June 15

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
4.22	3.37	Jul	3.96¾	3.99	3.93	3.94½	—.04½
4.29	3.50½	Sep	4.05	4.05½	4.00½	4.00½	—.05¼
4.40½	3.78	Dec	4.18½	4.18½	4.14	4.15	—.03¾
4.43	4.03½	Mar	4.23¼	4.24	4.20	4.21	—.03¼
4.32	3.98	May	4.09½	4.09½	4.07	4.07½	—.03½
3.85	3.65	Jul	3.71	3.71½	3.68½	3.68¾	—.02¼
Est. Sales		Prev. Sales 16,584					
Prev. Day Open Int. 69,467 off 120							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
3.40	2.33	Jul	2.57½	2.59¾	2.55¾	2.59¼	+.02¼
3.17¾	2.34¾	Sep	2.46¾	2.48	2.45½	2.47¼	+.00¾
2.95	2.30¾	Dec	2.45	2.45¾	2.43¾	2.45¼	+.00¼
2.86½	2.38½	Mar	2.53¼	2.53¾	2.51¼	2.53¼	+.00¼
2.89½	2.43½	May	2.57	2.58¼	2.56¼	2.58¼	
2.84	2.44¼	Jul	2.60	2.60	2.57¾	2.59¾	+.00¼
2.55	2.34	Sep				2.47	
2.43	2.31½	Dec	2.41	2.44	2.41	2.43¾	+.01
Est. Sales		Prev. Sales 56,434					
Prev. Day Open Int.163,863 up 3,148							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
9.85	6.88¾	Jul	7.27	7.38	7.25	7.34	+.04½
9.51	6.62	Aug	6.88	7.04	6.87	7.00	+.09
8.35	6.27	Sep	6.58	6.65	6.56	6.61¼	+.01¼
7.93	6.14	Nov	6.42	6.46½	6.38	6.44	—.01¼
7.67	6.24	Jan	6.50	6.54½	6.47½	6.52¼	—.01¼
7.74	6.35	Mar	6.61½	6.63½	6.57½	6.62½	—.01¼
7.78	6.41	May	6.67	6.69	6.64	6.68½	—.01½
6.71	6.42	Jul	6.68	6.69	6.66	6.68½	—.02
6.48	6.48	Aug				6.63	—.05
6.30	6.30	Sep				6.45	—.05
6.60	6.15	Nov	6.35	6.35	6.35	6.35	—.05
Est. Sales		Prev. Sales 50,280					
Prev. Day Open Int. 96,338 up 190							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
300.00	201.30	Jul	208.00	211.90	208.00	211.40	+3.40
298.00	195.80	Aug	203.00	206.80	203.00	205.30	+2.20
286.00	189.50	Sep	197.50	199.50	197.00	198.30	+.70
280.00	184.00	Oct	191.00	192.50	190.50	191.50	—.50
260.00	183.00	Dec	190.00	191.00	189.00	190.00	—1.10
230.00	183.50	Jan	189.50	190.50	189.00	189.50	—1.20
249.20	183.00	Mar	190.50	190.50	189.00	189.20	—1.00
220.50	182.00	May	190.00	190.10	188.00	188.00	—2.50
187.00	183.00	Jul	189.00	189.00	188.00	188.00	—2.20
Est. Sales		Prev. Sales 23,132					
Prev. Day Open Int. 66,768 up 263							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
32.50	19.99	Jul	20.95	21.04	20.63	20.92	—.18
32.05	20.20	Aug	21.10	21.25	20.80	21.10	—.19
29.50	20.40	Sep	21.30	21.43	21.05	21.30	—.15
28.80	20.55	Oct	21.50	21.60	21.30	21.45	—.15
28.05	20.85	Dec	21.85	21.97	21.55	21.80	—.17
25.45	21.00	Jan	21.95	22.10	21.80	21.90	—.20
23.85	21.45	Mar	22.35	22.50	22.20	22.34	—.07
26.05	21.66	May	22.50	22.50	22.50	22.45	—.10
25.80	21.78	Jul	22.70	22.70	22.60	22.60	—.05
23.90	21.80	Aug	22.60	22.60	22.60	22.55	—.10
Est. Sales		Prev. Sales 22,248					
Prev. Day Open Int. 78,212 up 24							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
75.90	68.15	Jun	71.12	71.75	70.87	71.42	+.32
73.80	65.00	Aug	69.32	69.45	69.00	69.27	
73.15	64.30	Sep				70.00	+.50
74.11	68.20	Oct	71.75	72.10	71.60	71.90	+.15
73.95	62.00	Dec	72.05	72.42	71.92	72.35	+.35
73.60	69.80	Feb	72.50	72.50	71.95	72.42	+.22
74.00	70.80	Apr	72.55	72.95	72.55	72.90	+.35
72.35	69.75	Jun	71.50	71.70	71.50	71.70	+.25
Est. Sales 15,776		Prev. Sales 12,192					
Prev. Day Open Int. 67,521 off 304							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
83.30	75.65	Aug	80.55	81.15	80.47	80.97	+.52
83.10	73.50	Sep	80.47	81.70	80.45	80.82	+.45
83.00	73.90	Oct	80.40	80.90	80.27	80.75	+.40
83.50	76.40	Nov	80.85	81.22	80.80	80.97	+.25
83.75	77.30	Jan	81.20	81.35	81.00	81.35	+.20
80.65	77.40	Mar	80.55	80.55	80.55	80.70	+.25
79.95	78.90	Apr				80.00	
Est. Sales 2,354		Prev. Sales 2,883					
Prev. Day Open Int. 13,776 up 213							
HOGS (CME) 30,000 lbs.- cents per lb.							
54.25	42.50	Jun	47.25	47.97	47.25	47.97	+.67
54.00	45.20	Jul	47.15	47.75	47.10	47.62	+.57
51.00	43.25	Aug	45.80	46.60	45.67	46.55	+.90
47.00	40.80	Oct	41.98	42.90	41.90	42.82	+.75
47.25	38.25	Dec	44.50	44.95	44.40	44.80	+.25
47.40	43.70	Feb	46.15	46.50	46.00	46.42	+.37
45.10	42.77	Apr	43.65	43.95	43.65	43.85	+.05
48.05	46.40	Jun	47.35	47.55	47.35	47.45	+.20
Est. Sales 6,301		Prev. Sales 6,204					
Prev. Day Open Int. 26,158 off 663							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
64.50	28.95	Jul	33.80	34.80	33.60	34.30	+.60
58.20	29.30	Aug	33.45	34.40	33.30	33.55	+.10
61.60	42.00	Feb	47.75	49.05	47.65	48.37	+.55
60.00	42.00	Mar	47.50	48.50	47.50	47.70	+.70
60.90	46.85	May	49.40	49.40	48.80	48.80	+.50
60.90	47.15	Jul				49.50	
55.80	46.05	Aug				47.90	+.65
Est. Sales 4,784		Prev. Sales 7,360					
Prev. Day Open Int. 26,473 up 106							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
155.25	112.20	Jul	117.00	118.75	116.00	118.62	+1.19
152.98	108.50	Sep	111.50	112.75	110.70	112.70	—.08
149.50	107.10	Dec	108.25	109.50	107.50	109.45	—.51
146.00	107.00	Mar	110.50	110.75	108.75	110.33	—1.47
124.50	108.00	May	110.50	112.50	110.50	111.51	—1.49
132.25	113.00	Jul				111.25	—1.75
120.00	111.00	Sep				113.00	
Est. Sales 6,300		Prev. Sales 18,981					
Prev. Day Open Int. 24,730 up 931							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
13.40	8.10	Jul	12.35	12.80	12.35	12.73	+.43
13.30	8.45	Oct	12.40	12.82	12.40	12.71	+.46
12.35	8.80	Jan				12.03	+.46
12.10	8.75	Mar	11.78	12.10	11.78	12.03	+.38
12.05	9.28	May	11.72	11.95	11.72	11.90	+.31
12.60	10.55	Jul	11.75	11.82	11.75	11.82	+.29
11.90	10.40	Oct	11.55	11.55	11.55	11.68	+.28
Est. Sales 33,587		Prev. Sales 41,161					
Prev. Day Open Int.189,574 up 2,831							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1895	1120	Jul	1140	1153	1127	1151	+4
1850	1127	Sep	1180	1193	1165	1192	+4
1735	1133	Dec	1212	1223	1200	1220	+4
1535	1133	Mar	1213	1236	1210	1233	+13
1465	1138	May	1215	1244	1215	1244	+15
1335	1154	Jul	1231	1232	1231	1259	+12
1308	1180	Sep	1260	1270	1249	1279	+12
Est. Sales		Prev. Sales 6,687					
Prev. Day Open Int. 44,946 up 167							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
COPPER (COMEX) 25,000 lbs.- cents per lb.							
137.70	106.10	Jun	110.40	110.40	110.40	110.25	
138.50	73.70	Jul	118.00	112.50	109.00	110.75	—.05
		Aug				109.65	—.20
131.50	76.00	Sep	108.00	110.00	107.20	108.45	—.25
126.00	77.45	Dec	106.00	107.90	105.30	106.35	—.05
Est. Sales 7,180		Prev. Sales 5,564					
Prev. Day Open Int. 28,246 up 21,750							
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
		Jun				88.00	—1.50
104.00	83.00	Jul				86.50	—1.50
		Aug				85.50	—1.50
104.00	82.50	Sep				83.50	—1.50
98.50	81.50	Dec				81.50	—1.50
82.50	82.50	Jan				82.00	—1.50
87.00	87.00	Mar				82.00	—1.50
		May				82.00	—1.50
95.50	95.50	Jul				82.00	—1.50
		Sep				82.00	—1.50
		Dec				82.00	—1.50
		Jan				82.00	—1.50
		Mar				82.00	—1.50
Est. Sales		Prev. Sales 4					
Prev. Day Open Int. 117 off 2							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
589.0	517.0	Jun	526.0	529.0	526.0	530.9	+5.4
985.0	512.0	Jul	522.0	536.0	517.0	533.0	+5.0
		Aug				537.5	+5.0
861.0	522.0	Sep	532.5	545.0	526.0	542.3	+5.1
886.0	532.0	Dec	544.0	559.0	539.0	554.6	+5.2
815.0	535.0	Jan				558.8	+5.2
910.0	547.5	Mar	555.5	570.0	549.0	566.3	+5.3
910.0	558.0	May	560.0	568.5	560.0	574.6	+5.4
761.5	566.8	Jul	576.0	576.0	576.0	583.2	+5.6
760.0	580.0	Sep				591.8	+5.8
742.0	582.0	Dec	600.0	600.0	599.0	604.2	+6.1
688.0	596.8	Jan				608.2	+6.2
665.0	601.0	Mar				617.2	+6.5
Est. Sales 21,000		Prev. Sales 11,204					
Prev. Day Open Int. 85,944 up 48,544							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
647.50	478.00	Jul	478.00	487.00	473.50	485.90	—.10
609.00	479.00	Oct	481.00	488.50	475.20	487.90	—.20
601.50	483.50	Jan	482.00	489.30	478.00	489.20	—.40
537.50	490.00	Apr				492.70	—.40
514.00	501.00	Jul	494.50	494.50	494.50	496.70	—.40
Est. Sales		Prev. Sales 3,483					
Prev. Day Open Int. 21,029 off 584							
PALLADIUM (NYME) 100 troy oz.- dollars per oz							
184.00	114.00	Jun	159.00	160.00	159.00	160.15	+2.40
180.00	116.00	Sep	150.50	155.40	150.00	155.15	+2.65
177.50	120.50	Dec	150.50	152.50	151.00	152.15	+2.65
176.00	123.00	Mar	148.50	149.00	148.50	149.40	+2.65
175.00	140.75	Jun				147.15	+2.65
149.00	141.00	Sep				145.15	+2.65
Est. Sales		Prev. Sales 512					
Prev. Day Open Int. 9,091 off 234							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
570.00	356.50	Jun	362.80	369.50	360.50	367.00	+0.20
		Jul				368.30	+0.20
575.00	340.50	Aug	365.20	372.80	362.70	370.70	+3.20
575.50	345.00	Oct	368.80	376.00	367.00	374.70	+3.30
514.50	367.50	Dec	372.50	382.00	370.50	378.81	+3.40
516.00	374.50	Feb	377.90	377.90	377.90	382.80	+3.50
525.80	377.50	Apr				387.00	+3.60
477.50	381.00	Jun	384.00	384.00	384.00	391.20	+3.70
487.00	384.50	Aug	388.00	388.00	388.00	395.40	+3.80
472.00	391.00	Oct				399.60	+3.80
455.50	395.50	Dec	400.00	399.20	394.80	403.80	+3.90
480.00	397.50	Feb	401.00	404.50	401.00	408.10	+4.00
		Apr	402.00	402.00	402.00	412.30	+4.10
Est. Sales 80,000		Prev. Sales 28,360					
Prev. Day Open Int.166,667 up 33,449							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
93.48	90.48	Jun	92.80	92.80	92.70	92.73	—.11
93.13	90.41	Sep	92.57	92.67	92.42	92.43	—.12
92.98	90.50	Dec	92.84	92.94	92.45	92.48	—.12
93.07	90.75	Mar	92.97	92.97	92.81	92.84	—.10
92.90	91.28	Sep	92.63	92.63	92.63	92.58	—.06
Est. Sales		Prev. Sales 2,307					
Prev. Day Open Int. 20,139 up 526							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
98-26	89-9	Jun	98-10	98-22	97-17	97-18	—22
97-16	89-13	Sep	98-14	98-30	97-22	97-24	—22
99-18	91-17	Dec	98-22	99	97-28	97-29	—22
98-9	95-17	Mar				98-1	—22
Est. Sales		Prev. Sales 30,010					
Prev. Day Open Int. 79,364 up 3,048							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
97-25	73-11	Jun	96-18	97-6	95-14	95-15	—11
97-25	72-26	Sep	96-27	97-6	95-13	95-14	—12
97-19	72-18	Dec	96-16	97	95-8	95-9	—11
97-8	72-1	Mar	96-11	96-20	95-3	95-3	—11
96-30	75	Jun	96-5	96-5	94-28	94-28	—31
94-24	79-1	Sep	96	96	94-20	94-20	—30
95-26	80	Dec				94-12	—29
95-17	79-21	Mar				94-4	—28
96-1	82-18	Jun				93-28	—28
97-23	86-4	Sep				93-20	—27
93	88-18	Dec				93-12	—27
Est. Sales		Prev. Sales240,059					
Prev. Day Open Int.309,568 off 259							
MUNICIPAL BONDS (CBT) $1000x index- pts & 32nds of 100 pct							
95-16	77-4	Jun	95-3	95-9	94-15	94-16	—17
95-10	78-4	Sep	94-31	95-4	94-4	94-5	—20
94-17	81-18	Dec	94-2	94-5	93-18	93-18	—20
94-2	85-19	Mar	93-14	93-14	93-1	93-1	—20
93-21	87-2	Jun	93-1	93-1	92-19	92-19	—20
Est. Sales		Prev. Sales 3,311					
Prev. Day Open Int. 18,034 off 71							

Currencies

Season High	Season Low		Open	High	Low	Close	Chg.
EURODOLLARS (IMM) $1 million- pts of 100 pct.							
92.12	88.76	Jun	90.77	90.80	90.66	90.66	[illegible]
91.92	88.70	Sep	91.21	91.37	91.50	91.22	[illegible]
91.76	88.84	Dec	91.44	91.52	91.38	91.40	[illegible]
91.73	88.90	Mar	91.60	91.65	91.29	91.38	[illegible]
91.43	88.52	Jun	91.49	91.56	91.38	91.36	[illegible]
91.56	88.74	Sep	91.43	91.48	91.24	91.26	[illegible]
91.43	89.85	Dec	91.32	91.38	91.16	91.17	[illegible]
91.42	89.94	Mar	91.31	91.38	91.14	91.17	[illegible]
91.35	89.91	Jun	91.25	91.25	91.13	91.13	[illegible]
91.30	90.04	Sep	91.21	91.21	91.07	91.06	[illegible]
91.25	90.04	Dec	91.24	91.24	91.10	91.09	[illegible]
91.29	90.09	Mar					[illegible]
Est. Sales		Prev. Sales116,030					
Prev. Day Open Int.775,312 off 2,431							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.8370	1.5112	Jun	1.5040	1.5540	1.4980	1.5432	[illegible]
1.7754	1.4916	Sep	1.4844	1.5380	1.4750	1.5348	[illegible]
1.7400	1.4710	Dec	1.4660	1.5100	1.4550	1.5060	[illegible]
1.5300	1.4600	Mar				1.4912	[illegible]
1.6750	1.4400	Jun				1.4762	[illegible]
Est. Sales		Prev. Sales 14,361					
Prev. Day Open Int. 29,895 up 1,680							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8440	.7670	Jun	.8319	.8362	.8310	.8344	+41
.8390	.7940	Sep	.8255	.8294	.8241	.8281	+41
.8370	.7920	Dec	.8191	.8242	.8191	.8221	+41
.8310	.7890	Mar				.8191	+41
.8290	.8088	Jun				.8155	+41
Est. Sales		Prev. Sales 6,084					
Prev. Day Open Int. 28,475 off 253							
FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001							
.16178	.14525	Jun	.14510	.14510	.14510	.14735	[illegible]
.16058	.14540	Sep				.14760	[illegible]
.16705	.14540	Dec				.14765	[illegible]
Est. Sales		Prev. Sales 1					
Prev. Day Open Int. 153							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.5975	.4918	Jun	.4907	.5018	.4885	.5004	[illegible]
.5977	.4946	Sep	.4933	.5065	.4910	.5032	[illegible]
.5825	.4962	Dec	.4955	.5082	.4935	.5056	[illegible]
.5083	.5000	Mar	.5015	.5110	.5015	.5077	[illegible]
Est. Sales		Prev. Sales 29,609					
Prev. Day Open Int. 96,091 off 1,904							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.008485	.006693	Jun	.006623	.006824	.006588	.006812	[illegible]
.008580	.006757	Sep	.006690	.006900	.006652	.006881	[illegible]
.008450	.006815	Dec	.006740	.006970	.006705	.006943	[illegible]
.008328	.006875	Mar	.006820	.007025	.006780	.007003	[illegible]
Est. Sales		Prev. Sales 42,134					
Prev. Day Open Int. 96,655 off 1,672							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.7130	.5569	Jun	.5664	.5830	.5630	.5820	[illegible]
.7210	.5590	Sep	.5687	.5875	.5650	.5852	[illegible]
.6850	.5790	Mar	.5770	.5950	.5740	.5928	[illegible]
.6592	.5600	Dec	.5725	.5890	.5680	.5882	[illegible]
Est. Sales		Prev. Sales 23,431					
Prev. Day Open Int. 41,298 off 306							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 130,000 bd. ft.- $ per 1,000 bd. ft.							
196.00	167.10	Jul	182.80	183.00	181.90	182.90	+.20
194.70	175.10	Sep	186.20	186.60	185.70	186.40	—.20
190.60	176.30	Nov	183.00	184.00	182.90	183.70	—.40
192.00	181.20	Jan	189.80	189.20	188.50	189.50	
191.80	185.00	Mar	191.20	191.70	191.00	191.20	—.30
194.20	188.00	May	193.20	193.20	193.00	193.20	—.30
196.00	177.50	Jul	195.00	195.00	195.00	196.00	
Est. Sales 717		Prev. Sales 775					
Prev. Day Open Int. 7,942 up 22							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
69.35	49.26	Jul	68.90	69.10	68.45	68.49	[illegible]
70.45	50.35	Oct	70.05	70.36	69.75	69.96	[illegible]
70.40	50.75	Dec	69.90	70.20	69.41	69.77	[illegible]
71.10	53.60	Mar					[illegible]
160.00	160.00	Sep				150.85	+1.35
		Nov				150.85	+1.25
Est. Sales		Prev. Sales 1,507					
Prev. Day Open Int. 9,736 off 109							
HEATING OIL (NYME) 42,000 gal- cents per gal							
53.80	34.75	Jul	45.40	46.75	45.00	46.40	+.75
54.00	35.45	Aug	45.80	46.90	45.20	46.70	+.86
54.50	36.25	Sep	46.45	47.50	46.05	47.00	+.31
54.90	37.20	Oct	47.10	47.95	46.70	47.50	+.80
55.50	38.00	Nov	47.90	48.80	47.80	48.10	+.85
56.05	39.00	Dec	48.40	49.45	48.50	48.90	+.82
56.00	46.60	Jan	49.00	49.45	49.00	49.40	+.87
52.90	48.00	Feb	49.00	49.25	48.00	49.25	+.72
51.25	46.50	Mar	46.40	47.25	46.40	46.90	—.02
Est. Sales		Prev. Sales 28,375					
Prev. Day Open Int. 52,178 up 1,898							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
20.58	12.65	Jul	20.18	21.00	20.07	20.85	+.32
19.78	12.60	Aug	18.65	19.17	18.54	18.95	+.35
19.33	12.68	Sep	17.77	18.31	17.70	18.05	+.32
19.00	12.75	Oct	17.40	17.84	17.40	17.67	+.17
18.85	15.00	Nov	17.19	17.60	17.18	17.45	+.17
56.20	13.40	Dec	17.12	17.42	17.00	17.35	+.18
18.49	15.67	Jan	16.93	17.34	16.88	17.21	+.22
18.40	15.74	Feb	17.00	17.10	17.00	17.01	+.13
18.27	14.10	Mar	16.92	16.97	16.92	16.95	+.15
18.10	14.30	Apr	16.73	17.01	16.72	16.95	+.21
18.00	14.20	May	16.92	16.92	16.92	16.92	+.28
18.03	16.50	Jun	16.70	16.75	16.62	16.75	+.11
17.80	16.39	Aug	16.60	16.60	16.60	16.60	+.06
		Sep	16.59	16.59	16.50	16.50	+.01
17.40	16.50	Oct	16.54	16.70	16.54	16.70	+.26
Est. Sales		Prev. Sales155,221					
Prev. Day Open Int.227,936 off 1,312							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
328.45	263.80	Jun	322.40	322.70	318.80	319.80	—4.15
332.95	271.50	Sep	327.50	328.20	323.50	324.25	—4.30
336.45	288.90	Dec	332.00	332.00	327.30	328.30	—4.25
340.45	331.00	Mar	332.70	332.70	332.00	332.25	—4.85
Est. Sales		Prev. Sales 57,434					
Prev. Day Open Int.149,092 off 362							
VALUE LINE (KCBT) points and cents							
290.10	245.70	Jun	287.95	287.95	285.10	285.40	—2.40
294.70	264.20	Sep	292.30	292.80	289.70	290.00	—3.00
298.70	271.00	Dec				294.00	—3.00
302.00	293.00	Mar	298.00	298.00	298.00	298.00	—3.00
Est. Sales		Prev. Sales 238					
Prev. Day Open Int. 1,746 up 12							
NYSE COMP. INDEX (NYFE) points and cents							
183.40	149.60	Jun	180.40	180.65	178.35	179.00	—1.90
185.55	153.00	Sep	182.90	183.15	180.70	181.00	—2.30
187.30	161.10	Dec	184.60	184.60	182.60	183.20	—2.35
189.00	178.20	Mar	184.80	184.80	184.80	185.40	—2.40
Est. Sales 1,045		Prev. Sales 4,259					
Prev. Day Open Int. 7,791 up 164							

Commodity Indexes

	Close	Previous
Moody's	1,085.30 f	1,080.30 f
Reuters	2,035.90	2,025.60
D.J. Futures	131.70	131.51
Com. Research	131.92	130.94

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

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Currency Options

June 15

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Jun	Jul	Sep	Puts—Last Jun	Jul	Sep
50,000 Australian Dollars-cents per unit.							
ADollr	70	r	r	r	r	0.19	r
74.61	71	r	r	r	r	0.36	0.84
74.61	72	r	r	r	r	r	1.34
74.61	73	r	r	r	0.01	0.49	2.22
74.61	74	r	r	1.04	0.08	0.77	2.63
74.61	75	0.46	1.44	r	0.22	r	2.93
74.61	76	0.18	r	r	r	r	r
74.61	77	r	r	r	1.80	r	r
74.61	78	r	r	r	2.76	r	r
74.61	79	r	r	r	4.12	r	r
74.61	80	r	r	r	5.24	r	r
74.61	81	r	r	r	5.80	r	r
74.61	84	r	r	r	9.82	r	r
31,250 British Pounds-cents per unit.							
BPound	147½	r	r	r	r	1.90	2.15
154.06	150	2.00	r	3.75	r	3.35	4.90
154.06	152½	1.75	1.55	r	r	4.40	r
154.06	155	0.40	1.60	r	r	6.80	r
154.06	157½	r	1.40	r	r	r	r
154.06	160	r	r	1.55	9.75	10.90	r
154.06	162½	r	r	0.60	r	r	r
154.06	165	r	r	r	r	14.00	r
154.06	167½	r	r	r	15.60	r	r
154.06	170	r	r	r	19.30	r	r
50,000 Canadian Dollars-cents per unit.							
CDollr	80	r	r	r	r	s	0.10
83.49	82	r	1.31	r	r	r	r
83.49	82½	0.85	1.02	r	r	r	r
83.49	83	0.37	0.65	r	r	0.38	0.84
83.49	83½	0.04	0.35	r	0.19	r	r
62,500 West German Marks-cents per unit.							
DMark	46	r	r	r	r	0.14	0.19
49.96	47	r	r	r	r	0.14	0.30
49.96	48	r	r	r	0.18	0.19	0.46
49.96	49	1.12	1.36	1.52	0.07	0.45	0.71
49.96	50	0.33	0.92	1.45	0.32	0.85	1.15
49.96	51	0.04	0.50	0.63	0.96	1.83	2.36
49.96	52	r	0.29	0.47	1.94	r	r
49.96	53	r	0.15	r	3.95	r	r
49.96	54	r	r	r	r	r	4.12
49.96	55	r	0.05	0.16	r	r	r
49.96	56	r	r	r	r	r	5.82
250,000 French Francs-10ths of a cent per unit.							
FFranc	14¼	r	r	r	r	r	2.92
146.85	14½	r	r	3.70	r	r	4.10
146.85	15¼	r	r	1.16	r	r	r
146.85	15¾	r	r	r	r	r	13.14
146.85	16¼	r	r	0.20	r	r	r
6,250,000 Japanese Yen-100ths of a cent per unit.							
JYen	63	r	s	r	s	0.14	r
67.86	64	r	s	r	s	0.27	r
67.86	65	1.13	r	2.95	0.05	0.25	0.65
67.86	66	2.09	r	2.45	0.08	0.34	1.12
67.86	67	1.14	1.95	1.71	0.16	0.98	1.10
67.86	68	0.51	1.36	2.00	0.37	1.75	1.65
67.86	69	0.15	0.95	1.06	0.99	3.00	3.38
67.86	70	r	0.54	r	r	3.92	r
67.86	71	r	0.36	0.43	3.35	r	4.80
67.86	72	r	0.22	r	r	r	r
67.86	75	r	r	r	r	r	8.25
67.86	88	r	r	s	r	s	1.17
62,500 Swiss Francs-cents per unit.							
SFranc	54	r	r	r	r	0.10	0.56
58.07	55	2.30	r	r	r	0.28	0.90
58.07	56	2.40	r	r	0.16	0.29	r
58.07	57	1.15	1.13	1.37	0.09	1.26	1.32
58.07	58	0.45	0.62	1.08	r	1.94	1.38
58.07	59	0.11	0.86	0.80	1.78	r	r
58.07	60	r	0.27	0.78	r	r	r
58.07	61	r	0.31	0.33	3.70	r	r
58.07	62	r	0.18	0.26	r	r	r
58.07	63	r	r	0.22	r	r	r
62,500 Swiss Francs-European Style.							
58.07	56	r	r	r	r	r	1.13

Total call vol. 51,305 Call open int. 706,199
Total put vol. 34,954 Put open int. 527,744
r—Not traded. s—No option offered.
Last is premium (purchase price).
Source: AP.

Floating-Rate Notes

June 15

Dollars

Issuer/Mat.	Coupon	Next	Bid	Asked
Cba Perp New	10.06	22-08	99.90	100.00
World Bank Jun 99	8.885	-	100.00	100.00
Bk Greece Mar 99	10⅜	08-09	99.73	99.83
Ribwa Perp	10.662	18-09	99.89	99.99
Alaska Finance Jul01	9.662	17-07	99.64	99.74
Alberta 93	9.093	13-12	100.00	100.10
Alb Perp	9¾	22-11	88.50	89.50
Alb Perp Cap	10⅜	28-07	85.50	86.50
American Express 97	10⅛	30-06	99.10	99.35
Amex Sub 86Mar99	10⅜	06-07	98.50	98.75
Anz Perp	10.337	21-10	87.50	88.00
Anas 90	9⅝	-	100.08	100.18
Bci 98	9.275	08-12	98.78	98.95
Bco Di Napoli 97	9¾	14-08	98.90	99.15
Bco Di Napoli 91	10	09-11	99.88	99.98
Bco Di Roma Jun11	9.451	28-06	98.25	98.50
Bco Santo Spirito 93	10⅛	29-09	99.89	99.99
Bk Ireland Perp	9⅞	09-09	86.75	87.75
Bk Nova Scotia 85	10⅛	24-08	83.50	84.50
Bk Scotland Perp	10⅛	16-11	90.37	90.87
Bankers Trust 2000	9⅞	13-09	98.40	98.65
Bankers Trust 1996	10⅛	16-08	99.55	99.80
Bbl Intl 93(Mthly)	9⅞	21-10	99.25	99.50
Bbl Int 81	9.675	20-06	98.25	98.50
Bq Indosuez 97 New	9⅞	20-11	99.90	100.40
Bfce 97(Cap)	9⅞	22-08	100.12	100.42
Bfce Nov 9⅞	9.542	20-11	100.13	100.23
Bq Indosuez 97 (Cap)	10	22-08	100.08	100.50
Bnp 1995 Feb	9⅞	08-08	100.78	100.88
Bnp 97 (Cap)	10⅛	24-07	100.10	100.40
Bnp 1996 Jun	9⅞	-	100.00	100.00
Bnp Perp	11.975	25-09	91.37	91.87
Bnp 1991 Sep	10⅝	06-09	100.74	100.84
Bnp 2005 Mthly		19-06	99.51	99.61
Bq Paribas Perp 1	9⅞	13-09	94.00	94.50
Bq Paribas Perp 2	9⅞	13-09	91.87	92.37
Barclays Perp Ser 1	9⅞	05-07	91.25	91.75
Barclays Perp Ser 2	10⅛	17-08	91.12	91.62
Barclays Perp Old	10⅛	08-11	93.25	93.75
Barclays O/S 94	10⅛	06-09	99.35	99.60
Belgium 1996 Jul	9⅞	27-07	99.95	100.05
Belgium 1996A Jan	9⅞	11-07	100.67	100.77
Belgium 1991 Feb	9⅞	21-08	100.18	100.28
Belgium 1994 Oct	10⅛	26-10	100.31	100.41
Bergen Bk Perp	9⅞	-	84.00	85.00
Cibc 2084	9⅞	27-07	91.00	92.00
Cibc 2085	10⅛	17-08	83.50	84.50
Carteret S+L 96	10⅜	13-09	99.87	99.97
Central 97/00	10.10	15-11	99.80	99.90
Central Int 08/01-06	9⅞	31-08	99.70	99.80
Centrust 92/95	10⅛	05-07	100.04	100.14
Centrust Jun 96	9.712	06-12	100.00	100.10
Centrust Sep 96	10.485	13-09	99.64	99.74
Chase 91	9⅞	22-08	99.60	99.85
Chase Man Corp Oo	10⅛	15-08	98.00	98.25
Chase Man 97	10	31-08	99.08	99.50
Chemical 99	9⅞	30-06	98.05	98.30
Chemical Feb97	9⅞	22-09	97.85	98.10
Chemical Oct97	10⅛	11-07	98.05	98.30
Christiania Perp	10⅛	08-11	84.00	85.00
Citicorp 2005 Oct	9.85	30-06	97.00	97.50
Citicorp 1996 Sep	10⅛	21-06	98.75	99.00
Citicorp 1996 Oct	10⅛	31-07	99.00	99.25
Citicorp Perp 1	10⅛	17-07	99.00	100.00
Citicorp 1998 Jan	9.825	30-06	98.50	98.75
Citicorp 1998 May	9⅞	31-08	98.95	99.20
Citicorp 1997 Jan	10⅛	31-07	99.00	99.25
Citicorp Perp 2	9⅞	11-09	94.25	94.75
Citi Federal Aug93	9.8	31-08	99.65	99.90
Citizens Mar 96	10.525	08-09	100.08	100.18
Citi Federal Oct93	10.362	11-07	99.65	99.90
Cityled May 97	10.337	03-08	100.00	100.20
Columbus S+L 96	9⅞	22-11	99.71	99.81
Comalco 93	10⅛	30-06	99.91	100.01
Commerzbk Aug93	9⅞	14-08	99.80	99.90
Cba Perp Old	9.712	11-07	100.02	100.12
Commwlth Australia 98	9⅞	30-11	99.90	100.10
Ccf 97 (Mthly)		30-06	99.53	99.63
Cr Du Nord 97	10⅛	27-07	99.93	100.03
Credit Foncier Oct98	10.156	20-10	100.25	100.35
Cr Lyonnais 93/96	10⅛	16-10	100.31	100.41
Cr Lyonnais 1999 Dec	9⅞	21-06	99.30	99.55
Cr Lyonnais Jun92/96	9⅞	24-07	99.97	100.07
Cr Lyonnais 1997 Cap	10⅛	07-08	99.37	99.87
Cr Lyonnais 93	9⅞	20-07	99.90	100.00
Cr Lyonnais 2000 Jul	9⅞	13-07	98.87	99.12
Cr Lyonnais Jun92/96	9⅞	-	100.05	100.15
Csfb Perp	10⅛	21-06	84.00	85.00
Dkb Frcd Jun89	9.35	30-06	99.82	99.22
Dkb Frcd Sept91	10⅛	30-09	100.11	100.16
Den Danske Bank Perp	10⅛	15-11	90.50	91.00
Dnc Perp (Conv)	14.15	34-08	84.00	85.00
Dnc Perp	9⅞	22-08	84.00	85.00
Denmark Aug96	10.093	31-08	99.70	99.80
Dev Fin Corp Nz Perp	9⅞	30-11	99.00	100.00
Dresdner Fin 93	10⅛	23-10	101.15	101.25
Dresdner Fin 92	10⅛	29-08	100.28	100.38
Dresdner Fin 91	9⅞	08-11	100.03	100.13
East River Aug93	9.8	31-08	99.77	99.87
Enel 00/05 (Mthly)	9⅞	30-11	100.11	100.21
Eni 93	10⅛	23-06	99.96	100.06
Elb Nov 96	9.837	09-11	100.26	100.36
Ferrovie May 97	9⅞	28-06	100.02	100.12
Ferrovie 95	10⅛	29-08	100.44	100.54
Fidelity Fed Oct 92	10⅛	31-07	99.85	100.05
R Fleming Perp	10⅛	30-11	81.75	82.75
Fortune S+L 92	10⅛	27-07	100.10	100.20
Full Bank Frcd Jan92	9.43	27-07	99.87	99.92
Full Bk Frcd June91	9⅞	23-06	99.79	99.84
Full Bk Frcd Aug91	9⅞	22-08	99.86	99.91
Gzb Perp	10⅛	16-11	91.50	93.50
Gt Amer'N 1St Sav 92	10⅛	23-10	100.15	100.25
Hill Samuel Perp	9⅞	30-11	89.50	90.50
Hong Kong Perp 1	10⅛	17-08	83.00	84.00
Hong Kong Perp 2	9⅞	08-09	82.75	83.75
Hong Kong Perp 3	10⅛	11-07	82.25	83.25
Household Jun96	10.45	26-06	100.10	100.20
Hydro 02 (Mthly)		26-07	99.53	99.63
Hydro Perp	10⅛	11-09	95.25	96.25
Hydro May 05	9⅞	08-11	99.64	99.74
Ireland 1998 Jun	8.97	-	99.53	99.63
Ireland 2008 Nov		30-06	99.80	99.90
Italy 90	9⅞	21-06	100.57	100.62
Jp Morgan 1997 May	9⅞	23-08	99.87	100.12
Kleinwort Perp	10⅛	30-11	82.25	83.25
Lloyds Perp 1	9½	11-12	89.00	89.50
Lloyds Perp 3	10.412	31-08	88.12	88.62
Midland Perp 1	9⅞	21-06	88.00	88.50
Midland Perp 2	10⅛	20-09	88.25	88.75
Midland Perp 3	9.162	13-12	86.50	87.00
Midland Frcd Feb 90	9⅞	21-08	100.04	100.09
Midland Mar 99	10⅛	11-09	99.20	99.45
Mitsubish Frcd Jun91	9⅞	28-06	99.79	99.84
Mitsui Fin 97 (Cap)	10⅛	31-07	100.00	100.50
Mitsui Fin 96	10½	06-09	100.18	100.28
Mon Grenfell Perp	10⅛	29-08	81.50	82.50
Jp Morgan 1997 Dec	10.237	21-06	99.40	99.65
Nab Perp	10.65	11-10	87.50	88.00
Nat Bk Canada 87	10½	31-08	83.50	84.50
Nat West Perp (A)	9⅞	11-07	91.25	91.75
Nat West Perp (B)	9⅞	14-08	91.25	91.75
Nat West Fin 05	10¼	23-10	99.30	99.55
Nat West Perp (C)	9⅞	31-08	91.12	91.62
Nat West Fin Pp Old	10⅛	15-11	93.25	93.75
New Zealand Aug 93	9.813	21-08	100.00	100.10
New Zealand Jun 96	9.547	06-12	100.25	100.35
Northeast Savings 96	9.787	10-08	99.82	99.92
Northeast Savings 95	9⅞	19-12	100.00	100.10
Portugal Dec 93	9.3	08-12	99.81	99.91
Quebec Oct01	10⅛	17-10	99.80	99.90
Rio 94	9⅞	31-08	99.93	100.03
Renfe Nov98	9⅞	15-11	100.11	100.21
Rhonepoulenc Perp	9⅞	-	94.00	95.00
Rothschilds Perp	[illegible]	23-07	83.25	84.25
Rbs Perp	[illegible]	[illegible]	90.00	90.50
Royal Trust Sep 96	10.4	11-09	90.75	91.75
Saitama Bk Frcd 91	9⅞	30-06	99.77	99.82
Santa Barbara Aug96	10	14-08	99.75	100.25
Santa Barbara Sept96	10⅛	28-06	99.97	100.07
Sanwa Intl Jan 93	9.662	17-07	100.13	100.23
Sec Pacific 97	9⅞	21-08	98.75	99.00
Soc Gen Tranche 1 96	10⅛	18-09	99.93	100.03
Soc Gen Perp	9.637	30-11	91.12	91.62
Soc Gen Nov94	10⅛	09-11	99.95	100.20
Stand Chart Perp4	9.712	06-07	83.75	84.75
Stand Chart Perp1		06-07	82.75	83.75
Stand Chart Perp0	9.712	06-12	83.75	84.75
Stand Chart Perp2	10⅛	09-11	85.00	86.00
Ste Bk Nsw Feb98	9⅞	14-08	100.48	100.58
St Bk Victoria Perp	10⅛	17-10	95.00	95.50
Taiyo Kobe 97(Cap)	10¼	15-08	100.00	100.50
Taiyo 92/94	9⅞	22-11	100.17	100.27
Taiyo Kobe Bk Jun 89	10⅛	26-06	100.00	100.15
Tokugin 92/94	10⅛	20-09	100.20	100.30
Tokugin 97(Cap)	10¼	11-10	100.00	100.50
Uk Sept96	10⅛	28-06	100.29	100.32
Vereinwest July 97	9.525	25-07	99.91	100.01
Wells Fargo 1997 Sep	10⅛	30-06	99.30	99.55
Wells Fargo 1992	9.85	30-06	99.80	100.05
Wells Fargo 2000	9⅞	30-06	98.95	99.20
Wells Fargo 1994	9⅞	13-09	99.37	99.87
Wells Fargo 1997 Feb	10⅛	16-08	99.20	99.45
Wells Fargo 1998	10⅛	15-08	99.20	99.35
Westpac Perp	10.962	20-09	87.50	88.00
Woodside Finance 97L	10⅛	28-07	99.88	99.98
Woodside Finance 97F	9⅞	31-08	100.01	100.11
World Bk Perp	8.80i	-	96.50	99.50
Yokohama 97 (Cap)	9⅞	22-02	100.00	100.50
111 Oct 94	13¼	17-07	99.94	100.04
III Nov 94	14⅛	24-08	99.93	100.03
Ireland 96	14⅛	11-09	100.00	100.10
Leeds Perm Mar 96	13⅝	-	100.16	100.21
Leeds Perm Oct 94	13.343	13-07	100.07	100.12
Leeds Perm B/S 98	14⅛	-	100.05	100.10
Lloyds Euro 96 Gb	14	25-08	99.25	99.75
Mass Fund No 1 Jul18	13.45	05-07	100.20	100.35
Midland Bk 01 Gb	12.975	15-08	98.25	98.75
Milk Mkt Bd 93 Gb	13⅝	30-06	99.96	100.01
Mfc 2 Aug 2023	14.486	31-08	100.25	100.40
Mfc 1 Mar 2020	13.407	30-06	100.25	100.40
Mfc 3 Oct 2023	13.55	03-07	100.15	100.30
Tmc No 02 Nov 14	14⅛	31-08	100.30	100.45
Tmc No 04 May 15	14⅛	31-08	100.25	100.40
Tmc No 01 Sep 14	13⅝	30-06	99.95	100.10
Tmc No 06 Oct 15	13.371	01-08	100.15	100.30
Tmc No 07 Nov 15	14.575	31-08	100.20	100.35
Tmc No 08 Dec 18	13.387	30-06	100.15	100.30
Tmc No 10 January 19	13.382	30-06	100.15	100.30
Tmc No 09Feb 19	14.575	31-08	100.30	100.45
Mort Secs 1	13.331	31-07	100.15	100.30
Tmc No 11 Mar 20	13.337	30-06	100.15	100.30
Nhl 1 Sep 13	13.262	30-06	99.95	100.10
Nhl 2 Oct 14	13.386	31-07	100.05	100.20
Nhl 3 Nov 14	14½	31-08	100.05	100.20
Nhl 4 Oct 15	13.386	31-07	100.00	100.15
Nat Provincial Mar96	13⅝	23-06	100.13	100.18
Nat Provincial 02/99	13	09-08	99.70	99.75
Nat/Ana Bld 14Jul98	13¼	17-07	100.00	100.50
Nationwide B/S Oct95	13⅝	10-07	100.05	100.10
Nationwide B/S Jul96	13.256	17-07	100.00	100.05
Nationwide B/S Oct96	14.33	30-06	99.84	99.89
New Zealand 97 Gb	13⅝	22-08	99.97	100.07
Northern Rock Oct95	13⅝	18-07	99.94	99.99
Prudential 95 Gb	14.162	07-09	99.95	100.05
Resid No 1May 18	13.479	22-08	100.20	100.35
Resid No 2Jul 18	13.325	27-07	100.20	100.35
Rbs 85 Gb	12⅝	09-08	97.25	98.25
Stand Chart Perp Gb	13⅝	28-06	84.50	85.50
Tmc No 03 Apr 15	13⅝	01-08	100.20	100.35
Tmc No 05 Sep 15	13.412	30-06	100.20	100.35
Woolwich B/S Nov 95	13¼	22-08	99.86	99.91
Woolwich B/S Jul 93	13⅝	13-07	100.08	100.13
Yorkshire B/S Feb 94	13.037	18-08	99.60	99.65
Yorkshire 91/94 Gb	13⅝	30-06	99.50	100.50

Pounds Sterling

Issuer/Mat.	Coupon	Next	Bid	Asked
Srf Mort Notes No1	13.341	28-06	99.95	100.10
Abbey Nat 92 Gb	13.225	05-07	100.01	100.06
Abbey Nat 92/00 Gb	13⅛	17-07	99.98	100.03
Abbey Nat 98 Gb	12⅝	04-08	99.72	99.77
Brad + Bing May 94	14⅛	31-08	99.79	99.84
Mors 2 Jun 2017		29-09	99.85	99.95
Coll Mort Sec No1 A1		29-09	99.90	100.00
Coll Mort Sec No1 A2		29-09	99.98	100.08
Coll Mort Sec No1 A3		29-09	99.85	99.95
Grcoachurch 2019		29-09	99.72	100.02
Tmc Plmbs Plc No1		26-09	99.85	99.95
All + Leic Nov 93	14⅛	31-08	100.00	100.05
All + Leic Jul 94	13.292	24-07	99.90	99.95
All + Leic May 95	12.943	08-08	99.82	99.87
All + Leic Jul 93	14⅛	31-07	99.58	99.64
All + Leic Sept 93	13⅝	20-06	100.12	100.17
Anglia Jan 98	13¼	17-07	100.09	100.14
Anglia Sep96	12.08	23-06	99.98	100.03
Anz Bkg 97 Gb	13¼	22-08	99.87	99.97
Bk Montreal 94 Gb	13⅝	30-06	100.00	100.10
Bq Indosuez 91 Gb	14⅛	30-08	100.08	100.18
B/Ham Midshires 98	13⅝	21-06	99.92	99.97
Brad + Bing Apr98 Gb	13¼	04-07	100.07	100.12
Bristol + West Oct92	13⅝	24-07	100.12	100.17
Bristol + West Jul93	13⅝	24-07	99.60	99.70
Britannia 93 Gb	13⅝	10-07	100.07	100.12
Britannia 96 Gb	13.412	24-07	99.93	99.98
Britannia Feb 95	12.975	15-08	99.56	99.61
Cheil/Glaucs Mar94	14⅛	30-08	99.75	99.80
Coop 08	13⅝	24-07	97.12	97.42
Cr Foncier 00 Gb	13⅝	11-07	100.14	100.24
Dames Mort 1	14.475	06-09	100.20	100.35
Ex Finance 1 Plc	14.362	04-09	100.15	100.30
Ferrovie 95 Gb	13.142	31-07	100.25	100.35
Halifax Oct 92	13⅝	16-07	100.03	100.08
Halifax Feb96	13⅝	23-08	99.87	99.92
Halifax May 94	12.975	09-08	99.85	99.90
Halifax Sep96 Tach 1	14.33	30-06	99.98	100.03
Halifax Sep96 Tach 2	13.142	28-09	99.37	99.42
Hmc No 01	12.265	28-06	100.00	100.15
Hmc No 02 Feb 15	13⅝	23-08	100.12	100.37
Hmc No 03 Jul 15	13.575	12-07	100.28	100.35

Deutsche Marks

Issuer/Mat.	Coupon	Next	Bid	Asked
Dresdner Fin 94/99	6.593	28-07	97.90	100.00
Austria 98 Dm	6⅝	30-08	99.37	99.87
Bk Of China Nov 93	6⅝	08-08	99.58	100.08
Bk Greece 92/95 (Dm)	5⅞	30-06	99.50	100.00
Bnp 92 (Dm)	5⅞	29-06	100.00	100.25
Belgium 97 (Dm)	7¼	31-08	100.30	100.40
Cibc 95 (Dm)	7⅛	30-11	98.25	98.75
Commerz Oct 95 (Dm)	7⅛	25-10	99.58	100.00
Commerzbk Dec 93	7⅛	-	99.95	100.05
C.O.E. 95 Dm	6⅝	12-10	100.00	102.00
Cred Foncier 95 (Dm)	5⅝	14-07	100.30	100.40
Cic Mar 93 Dm	6⅝	20-09	100.23	100.33
Dnc 96 Dm	6	10-07	98.00	99.00
Denmark Stars 95 Dm	7¼	29-08	100.00	100.25
Dg Bank 96 Dm	6⅝	13-07	98.87	99.37
Dresdner Fin 90 (Dm)	7⅛	24-08	100.12	100.22
Dresdner Fin 98	6.593	28-07	99.94	100.04
Eec 92 (Dm)	6⅝	22-08	100.50	100.60
Elb 5 1/16 Dm	7¼	-	100.00	100.25
Ibi 95 Dm	7⅛	30-11	99.00	99.50
Ireland Jul98 (Dm)	6⅝	31-07	99.40	99.60
Ireland 97 (Dm)	5⅝	17-07	99.92	100.02
Ireland (Stars) 98	7.081	11-09	100.12	100.37
Landes Kred Wurt Dm	6⅝	10-11	99.62	99.87
Malaysia 05 (Dm)	6⅝	28-06	94.00	94.50
Midland 98 Dm	6⅝	30-06	98.80	99.80
Mitsubishi 96 Dm	6⅝	11-07	98.80	99.25
Montedison 93 Dm	6⅝	31-10	99.25	99.75
Jp Morgan 95 Dm	7⅛	28-08	98.87	99.37
Renfe 96 (Dm)	6.906	18-09	99.50	99.75
Rbc 95 Dm	7⅛	31-08	98.62	99.12
Sec Pac 95 Dm	7⅛	05-12	98.25	98.75
Sweden 97 (Dm)	7⅛	30-11	100.54	100.64
Union Finland 96 Dm	6⅝	10-07	99.00	99.25
Wells Fargo 95 Dm	7⅛	31-08	98.42	99.12

Japanese Yen

Issuer/Mat.	Coupon	Next	Bid	Asked
Cnt 97 Yen		-	100.08	100.50
Cr Foncier Aug97 Yen	4⅞	30-08	100.14	100.60

E.C.U.

Issuer/Mat.	Coupon	Next	Bid	Asked
Belgium May 99	8.781	11-08	99.90	100.00
Roma 92 (Ecu)	8⅞	08-08	99.75	100.25
Cr Foncier 96 (Ecu)	8.8	18-07	99.87	100.12
Ireland 97 (Ecu)	9	28-10	99.50	100.00
Italy 92 Ecu	8⅞	30-06	99.95	100.15
Pecora 19Sept 97 Ecu	9	21-06	99.12	99.62
Sigobain Perp Ecu	7⅞	-	94.00	96.00

Source: Credit Suisse-First Boston Ltd., London

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London Commodities

June 15

	Close Bid	Ask	High	Low	Previous Bid	Ask
SUGAR U.S. Dollars per metric ton						
Aug	280.40	280.80	283.00	271.80	271.40	271.80
Oct	279.40	279.60	282.40	271.20	271.20	271.40
Dec	272.00	278.80	267.00	267.00	264.00	269.00
Mar	265.00	267.00	267.00	260.00	258.60	259.80
May	263.40	265.60	259.00	259.00	257.20	258.00
Aug	261.00	264.00	N.T.	N.T.	254.00	257.00
Oct	259.00	262.00	255.00	255.00	254.00	255.00
Volume: 9,568 lots of 5 tons.						
COCOA Sterling per metric ton						
Jul	819	820	833	815	821	822
Sep	840	842	854	840	844	845
Dec	895	896	907	892	901	902
Mar	889	890	902	887	892	894
May	891	896	906	892	897	900
Jul	905	908	N.T.	N.T.	910	913
Sep	919	924	932	922	921	930
Volume: 3,432 lots of 5 tons.						
GASOIL U.S. dollars per metric ton						
Jul	134.00	134.25	136.00	133.75	134.00	134.25
Aug	133.75	134.00	135.50	133.75	133.50	133.75
Sep	134.75	135.00	136.00	134.75	134.75	135.00
Oct	137.00	137.50	137.50	137.00	136.25	136.50
Nov	136.50	139.00	139.00	137.50	137.50	138.00
Dec	140.00	140.25	N.T.	N.T.	139.00	139.25
Jan	139.00	140.75	N.T.	N.T.	139.00	139.75
Volume: 4,977 lots of 100 tons.						

Sources: Reuters and London Petroleum Exchange.

Paris Commodities

June 15

	High	Low	Close Bid	Ask	Ch'ge
SUGAR French francs per metric ton					
Aug	2,595	2,505	2,520	2,560	+71
Oct	2,370	2,300	2,340	2,365	+76
Dec	2,280	2,230	2,250	2,285	+71
Mar	2,240	2,200	2,230	2,245	+80
May	N.T.	N.T.	2,210	2,240	+80
Aug	N.T.	N.T.	2,205	2,240	+81
Est. vol: 1,874 lots of 50 tons. Prev. actual sales: 2,233 lots. Open interest: 14,205.					
COCOA French francs per 100 kg					
Jly	N.T.	N.T.	880	—	
Sep	N.T.	N.T.	885	—	
Dec	N.T.	N.T.	920	—	
Mar	N.T.	N.T.	930	—	
May	N.T.	N.T.	930	—	
Jly	N.T.	N.T.	920	—	
Sep	N.T.	N.T.	930	—	
Est. vol: 0 lots of 10 tons. Prev. actual sales: 0 lots. Open position 4.					
COFFEE French francs per 100 kg					
Jly	N.T.	N.T.	1,160	—	+10
Sep	N.T.	N.T.	1,115	—	+15
Nov	N.T.	N.T.	1,045	1,075	Unch.
Jan	N.T.	N.T.	1,030	1,075	+10
Mar	N.T.	N.T.	1,030	—	+5
May	90 N.T.	N.T.	1,020	—	+9
Jly	N.T.	N.T.	1,017	—	+5
Est. vol: 0 lots of 5 tons. Prev. actual sales: 0 lots. Open position 140.					

Source: Bourse de Commerce.

London Metals

June 15

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1910.00	1920.00	1940.00	1950.00
Forward	1840.00	1845.00	1740.00	1760.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1673.00	1675.00	1684.00	1686.00
Forward	1651.00	1652.00	1665.00	1666.00
LEAD Sterling per metric ton				
Spot	429.00	431.00	445.00	450.00
Forward	415.00	416.00	419.00	420.00
NICKEL Dollars per metric ton				
Spot	12150	12250	12100	12200
Forward	11200	11250	11250	11275
SILVER U.S. cents per troy ounce				
Spot	522.00	524.00	519.00	521.00
Forward	525.00	527.00	522.00	524.00
ZINC (High Grade) U.S. Dollars per metric ton				
Spot	1530.00	1540.00	1500.00	1510.00
Forward	1490.00	1495.00	1465.00	1470.00

Source: AP.

S&P 100 Index Options

June 15

Strike Price	Calls-Last Jun	Jly	Aug	Sep	Puts-Last Jun	Jly	Aug	Sep
260	34	—	37½	—	⅛	¼	⅜	—
265	33⅝	—	—	—	⅛	⅜	½	—
270	27⅜	28½	—	—	⅛	⅜	1⅛	—
275	22⅛	25¾	—	—	⅛	⅝	1⅛	—
280	16½	19	—	22½	⅛	1¼	2½	3¾
285	11½	14⅛	17¼	—	⅛	1⅞	3⅜	—
290	6½	11	—	15½	⅛	2	4½	5⅝
295	2⅜	7⅛	9⅞	—	⅝	4½	6	—
300	⅜	4⅛	7	9⅝	4⅛	6⅝	8½	10
305	¼	2⅛	5⅛	5¼	8¼	8⅛	11	—
310	⅛	1	2⅝	5½	14¼	14	15	—
315	⅛	⅜	2	—	—	18¼	—	—
320	⅛	⅛	1⅛	2½	—	—	—	—

Calls: total volume 161,928; total open int. 254,708
Puts: total volume 186,471; total open int. 456,778
S&P 100 index:
High 299.84 low 295.30 close 296.29 —3.45
Source: CBOE.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

June 15

Strike	Calls-Settle Jul	Aug	Sep	Puts-Settle Jul	Aug	Sep
48	2.47	—	2.77	0.14	0.27	0.45
49	1.65	1.86	2.07	0.21	0.52	0.77
50	0.98	1.24	1.48	0.43	0.89	1.13
51	0.52	0.78	1.03	1.17	1.42	1.66
52	0.25	0.47	0.68	1.90	2.21	2.38
53	0.12	0.22	0.43	2.76	2.90	3.03

Est. total vol.: 29,724
Calls: Wed.s volume: 3,105; open int.: 72,980
Puts: Wed.s volume: 6,672; open int.: 87,929
Source: CME.

Dividends

June 15

Company	Per	Amt	Pay	Rec
INCREASED				
Apco Argentina	Q	.16	7-10	6-23
Four Seasons Htl	Q	.09½	7-15	6-30
Holly Corp	Q	.10	7-6	6-26
Sumitomo Bank Cal	Q	.33	7-25	6-30
PROPOSED REVERSE STOCK SPLIT				
Acclaim Entertainment — 1-for-2				
REVERSE STOCK SPLIT				
Synteliisys Network Inc — 1-for-3				
SPECIAL				
Holly Corp	-	10.00	7-26	7-19
STOCK				
Jones Medical Ind	-	10 PC	7-7	6-27
STOCK SPLIT				
Heritage Financial Services — 5-for-4				
Sotheby's Holdings Inc — 2-for-1				
Stevens Graphics Corp — 3-for-2				
Stewart & Stevenson Services — 2-for-1				
Wallace Computer Services — 2-for-1				
USUAL				
Bank of Granite	Q	.10	7-31	7-14
British-Amer Ins	-	.10	7-11	7-4
Caterpillar Inc	-	.30	8-19	7-20
Central Penn Fncl	-	.10	7-28	7-14
Dollar General Co	Q	.05	9-20	9-4
Fst Fedl Sv Bk Ell.	-	1.00	7-1	6-15
General Re Corp	Q	.34	6-30	6-24
Hanover Insurance	Q	.11	8-15	7-21
Heinz (HJ) Co	Q	.36	7-10	6-26
Hilton Hotels	Q	.25	9-15	9-1
Independent Ins	Q	.40	9-1	8-11
Jones Medical Ind	Q	.02	7-7	6-27
McNeal-Schwendler	Q	.08	9-6	8-25
Modern Controls	Q	.05	8-18	8-4
Morgan (JP) & Co	Q	.41½	7-14	6-26
Mutual Fed S&L	Q	.05	6-30	6-20
NICOR Inc	Q	.50	8-1	6-30
Petrolite Corp	Q	.28	7-28	7-7
Quest Value Dual	M	.18	6-30	6-23
Rymac Mtge Invest	Q	.40	7-14	6-30
Smith (AO) Corp AB	Q	.20	8-15	7-31
Vermont Fincl	Q	.25	7-25	6-29
Wyle Laboratories	Q	.07	7-31	7-17

a-annual; m-monthly; q-quarterly; s-semi-annual
Source: UPI.

U.S. Treasuries

June 15

	Discount Bid	Offer	Yield	Prev. Yield
3-month bill	8.08	8.10	8.38	8.42
6-month bill	7.87	7.89	8.32	8.23
1-year bill	7.86	7.88	8.48	8.43
	Bid	**Offer**	**Yield**	**Prev. Yield**
30-yr. bond	106 6/32	106 8/32	8.21	8.18

Source: Salomon Brothers.

Spot Commodities

June 15

Commodity	Today	Prev.
Aluminum, lb	0.88	0.895
Coffee, lb	1.18	1.20
Copper electrolytic, lb	1.2085	1.2235
Iron FOB, ton	213.00	213.00
Lead, lb	0.37	0.37
Printcloth, yd	0.50	0.50
Silver, troy oz	5.309	5.21
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	115.00	115.00
Tin, lb	5.9367	6.1940
Zinc, lb	0.80	0.80

Source: AP.

U.S. Automakers Show Sales Rise In June Period

The Associated Press

DETROIT — Sales of cars and light trucks built in North America by the Big Three U.S. automakers rose 0.7 percent in early June compared with last year, when fewer incentives were offered, the companies said Wednesday.

Vehicles made by General Motors Corp., Ford Motor Co. and Chrysler Corp. sold at an average daily rate of 33,223 during the first 10 days of June this year, compared with a rate of 33,010 during the same time last year.

Ford said its early June car sales were up 5.2 percent. GM said its car sales in early June were 0.7 percent lower than last year, while Chrysler's average sales during early June were down 6.7 percent.

Meanwhile, Honda Motor Co. said its sales of U.S.-built cars rose 16.3 percent in early June compared to a year ago and Toyota Motor Co. said its sales of U.S.-built cars rose 204.3 percent in the same period.

The Daily Source for International Investors.
Herald Tribune

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FRIDAY, JUNE 16, 1989

WALL STREET WATCH

For Western Union Chief, Less Turns Out to Be More

By FLOYD NORRIS

New York Times Service

NEW YORK — Executives who run companies are supposed to have a stake in making sure the common stock does well. But Bennett S. LeBow, the man who controls Western Union Corp., has set things up so that, at least for the next several years, he will profit if the common stock falls.

And there is reason to think that will happen. It is almost certain that an investor who is bullish on Western Union would do better to invest in preferred shares than in common stock. That is a big reason why the price of the common shares has been falling.

Asked if he stands to profit from a lower stock price, Mr. LeBow said, "That's true and that's not true." He said his overall investment would prosper if the company does well.

Since Mr. LeBow took over Western Union in 1987, the company has been shifting from telegrams and telex to facsimile transmission and such services for consumers as cashing paychecks and paying utility bills.

The lower the share price falls while his bonds are outstanding, the more shares he gets.

Mr. LeBow, whose empire also includes MAI Basic Four Inc., the computer company that has been trying to acquire Prime Computer, now has his major investment in Western Union in the form of bonds and preferred shares he bought at a deep discount to stated liquidation value. The preferred purchase was made after the troubled company stopped paying dividends on those shares.

The current crisis for Western Union stems from the fact that $500 million in bonds, now paying 16.5 percent, are supposed to have their interest rate reset at a level high enough to cause them to trade at 101 percent of par value.

That reset rate, which will probably be announced in the next week or two, is likely to be more than the company can afford to pay, and it has responded with an offer to swap those bonds for other bonds and some stock.

There is substantial doubt on Wall Street, to say the least, that the reset feature will work. But in response to a "road show" this week, at which Western Union officials met with bondholders and pointed to signs of improving business, the price has begun to move up.

In New York Stock Exchange trading Thursday, the bonds closed at 94.125 percent of par, up 1.375 points this week.

PART of that rise seems to reflect promises that the company is willing to make concessions to bondholders. "We've had various suggestions on covenants and maturities," Robert J. Amman, the president and chief executive, said in an interview Tuesday. "I think we can incorporate a number of them." He declined to be specific.

Mr. LeBow's curious position comes from the package of securities he proposes to give himself, in return for $27.1 million face value of the bonds and a $54 million cash infusion. He would get two bond issues, each paying interest at a stated rate of 17 percent.

The catch to those bond issues comes in the fact that if the company cannot afford the cash — and just now it clearly cannot — it can pay the interest in common stock for at least the next five years, and possibly longer. That stock will be valued at a 40 percent discount. Based on current market value, that is a yield of 28.3 percent.

More important, the lower the share price falls while the bonds are outstanding, the more shares Mr. LeBow will get. Eventually, as with any shareholder, he would profit from a rising price. But for the time being, the lower the price the better.

BP Puts Coal Unit On Block

Sale Is Part of Refocusing on Oil

Compiled by Our Staff From Dispatches

CLEVELAND — British Petroleum Co., pursuing its drive to focus more closely on its core business, announced Thursday that it had put most of its worldwide coal operations up for sale.

BP said in a statement that it hoped to sell its Cleveland-based BP Coal subsidiary to a single buyer, but would consider selling some properties individually.

In another, similar move, BP agreed recently to sell its BP Minerals unit to RTZ Corp. for about £4.3 billion ($6.49 billion).

BP Coal had revenue of $959 million last year, and produced 32 million tons of coal, 56 percent of it in the United States.

BP Coal has 2.1 billion tons of extractable reserves in the United States, Australia, South Africa and Europe. About 40 percent of the reserves are in the United States.

"In line with BP's strategy of focusing increasingly on oil, gas, chemicals and the varied opportunities presented in the nutrition sector, we believe we have now reached the point where our coal interests are likely to offer greater value to a company in the coal or mining sector," said the BP managing director, Patrick Gillam.

BP said it hoped the sale would be completed by the end of the year. The company has retained Chase Manhattan Bank as its financial adviser.

It said, "The proceeds of the sale will strengthen BP's balance sheet and place the group in a better position to take advantage of future investment opportunities."

Analysts said the sale was part of a general divestment program aimed at reducing the considerable debt that BP incurred by buying back nearly 12 percent of its equity from the Kuwait Investment Office. The British government ordered the Kuwaiti agency last year to cut its stake in BP to 9.9 percent.

Not included in the offer for sale are BP Coal's operations in Indonesia, where it has a joint venture to develop the Sangatta mine, and BP Canada's coal interests.

(AP, Reuters)

Mergers Fill European Skies

EC, Consumers Putting Pressure On Flag Carriers

By John J. Duffy

International Herald Tribune

PARIS — Sometimes reluctantly, Western Europe's flag carriers are beginning to face the fact that they will need to join forces through mergers, share exchanges and business combinations if they are to be competitive in the airline industry of the 1990s.

Wrapped in cloaks of national sovereignty, European airlines have long considered themselves immune to the competitive pressures that have forced other industries to reach out for foreign partners.

Rigid systems of government regulations on fares, capacity and market access have allowed the big, mostly state-owned flag carriers to divide up markets with little regard for non-European or smaller domestic competitors.

But today the big European carriers are facing a growing wave of pressure — from consumers seeking lower fares and from the political momentum toward a single European market after 1992 — to change their ways.

That pressure has prompted some European airline executives to speak openly of the creation a European supercarrier.

"If we think we can compete with the American and Asiatic airlines by having an international carrier in every European country, we are fooling ourselves," said Jan Carlzon, chairman of Scandinavian Airlines System.

In one of the largest European airline combinations to date, Sabena Belgian World Airlines on Tuesday is expected to announce a deal to sell 20 percent stakes to British Airways and to KLM Royal Dutch Airlines, culminating a search of more than two years for a European partnership.

Some European airline executives have forecast that there are even larger deals to come.

Earlier this month, Narcis Andreu, president of Iberia Air Lines of Spain, raised more than a few eyebrows when he said he

European Airlines at a Glance

Total Passenger Scheduled Services

	1987	1988	% Change 88/87
Revenue Passengers (000)	130353.3	136799.5	+ 4.9
Revenue Passengers Km (mill)	246047.3	260606.1	+ 5.9
Available Seat-Kilometers (mill)	360889.8	385143.0	+ 6.7
Revenue Passenger Load Factor %	68.2	67.7	- 0.5
Passenger Revenue US$ (mill)	25384.7	28604.3	+ 12.7
Revenue per Passenger Km USc	10.32	10.98	+ 6.4
Available Seats per Aircraft	204.0	202.7	- 0.6
Average Stage Distance Km	1058	1055	- 0.3

Revenue Passenger Kilometers

IN MILLIONS

1 British Airways	8839.08	11 TAP	1853.08
2 Lufthansa	6373.34	12 Finnair	1557.27
3 Iberia	6204.14	13 Austrian Airlines	1364.24
4 Air France	5355.65	14 JAT	1307.61
5 SAS	4580.79	15 Aer Lingus	1274.66
6 Alitalia	3457.60	16 Sabena	1235.46
7 Swissair	3450.18	17 Malev	1040.29
8 Olympic Airways	2675.58	18 AirMalta	635.95
9 KLM	2325.42	19 Icelandair	565.01
10 THY	1929.31	20 Luxair	151.31

Source: Association of European Airlines

The International Herald Tribune

expected his airline to merge with Lufthansa Airlines and Air France after 1992 to create the world's biggest carrier.

The idea drew incredulous reactions from some in the industry but — significantly — not all.

"We were not surprised by Mr. Andreu's comments because we understood him to be speaking about cross participations, which are a possibility at some point in the future," said Juergen Ziefer, manager of general airport policy at Lufthansa.

'If we think we can compete with American and Asiatic airlines by having an international carrier in every European country, we are fooling ourselves.'

Jan Carlzon, SAS chairman

For the smaller flag carriers, the frightening aspect of the approaching deregulation of air travel in Europe is the carnage left in the wake of a similar deregulatory wave in the United States a decade ago. Eight major airlines now control 94 percent of the air-travel business in the United States after a decade of consolidation in which 214 air carriers disappeared from the market.

While airline deregulation in Europe might not bring about the same wrenching change, most analysts agree — and European airlines executives admit — that the end result would be the same.

Industry experts say that the factors exerting the most pressure on European airlines to consolidate are the severe congestion in Europe's air lanes and airports, the increasing importance of jointly owned computerized reservations systems and the progressive liberalization that the European Community has undertaken to lower the barriers for new competitors.

Congestion is perhaps the most pressing problem. Europe's airports are jammed to capacity and the building of new ones — opposed by environmentalists — has nearly ground to a halt.

The result is that Europe's largest airports are effectively closed to new competitors. Lon-

See AIR, Page 14

Tokyo Stocks Plunge on Fears Of Rate Rises

By Patrick L. Smith

International Herald Tribune

TOKYO — Fears of further rises in Japanese interest rates, aroused by the surging dollar, swept Tokyo financial markets Thursday and prompted the largest one-day drop in stock prices this year.

A spreading view among investors and financial analysts that the exchange-rate policies of leading central banks are diverging — leaving the Bank of Japan virtually alone in efforts to halt the dollar's ascent — increased concern about higher Japanese rates and the negative effect they would have on economic activity.

The Nikkei average of 225 stocks dropped 489.90 points, or 1.5 percent, to end at 32,913.09. Stocks declined in all sectors, with few exceptions; volume was a moderate 650 million shares.

Demand for the dollar intensified, pushing the currency to its highest level in nearly two years.

The dollar ended at 151.30 yen in Tokyo, up 3.25 from the previous session and well above the closings Wednesday in London and New York, although in later trading Thursday it retreated below 150 yen.

Volume in the spot market was $12.37 billion, up from $9.44 billion on Wednesday.

Many institutional investors, now convinced that the strengthened dollar is not a passing phenomenon, fled the stock market or refrained from trading in the belief that the central bank will be forced to raise its official discount rate at least once in the near future, and possibly twice, if it is to keep the yen from dropping further against the dollar.

Because imports account for roughly 10 percent of Japan's wholesale price index, the central bank's primary concern since the

See TOKYO, Page 18

Milken Quits Drexel To Set Up a New Firm

The Associated Press

NEW YORK — Michael R. Milken, the junk-bond executive indicted for fraud and racketeering in the largest securities-crime case in history, on Thursday quit the investment firm Drexel Burnham Lambert Inc. to set up his own company.

Mr. Milken, 42, is credited with almost single-handedly creating a $175-billion-a-year market for the securities, which were widely used in the 1980s to finance mergers and corporate growth.

The government says that Mr. Milken used his powers through Drexel to engage in insider trading and other securities crimes, including schemes with now-jailed stock speculator Ivan F. Boesky.

The move formally severs Mr. Milken's ties with Drexel, which he helped transform from a second-tier investment house to the nation's fifth largest during his 19 years there.

His brother, Lowell, a former Drexel junk-bond trader who was charged with fraud and racketeering, announced Thursday that he was quitting the firm to return to the practice of law.

As part of a civil settlement with the Securities and Exchange Commission, Drexel agreed to sever ties with Mr. Milken.

According to federal prosecutors, Mr. Milken made more than $1 billion from 1983 to 1987, including $550 million in 1987.

"Michael Milken made many important contributions to Drexel Burnham, and his resignation, although not unexpected, is a sad event," Drexel said in a statement. "We wish him well in his new endeavor."

His Los Angeles-based firm is named International Capital Access Group.

Currency Rates

Cross Rates — *June 15*

	$	£	D.M.	F.F.	H.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.297	3.4575	1.1257	0.3319	0.1557 *	—	5.378 *	1.2992	1.5211 *
Brussels(a)	42.7275	64.26	20.9335	6.171	2.8954 *	18.5965	—	24.156	0.2829
Frankfurt	2.0402	3.071	—	0.2949	0.1383 *	0.8884	4.776 *	1.1542	1.351 *
London (b)	1.5183	—	3.0718	10.4298	2,223.50	3.458	64.25	2.656	227.285
Milan	1,475.25	2,219.20	723.22	213.18	—	642.48	34.55	834.90	9.764
New York(c)	—	1.5455 b	1.985	6.7375	1,439.50	2.2395	41.63	1.7105	145.88
Paris	6.9225	10.406	3.3922	—	0.4692 *	3.0133	0.1621	3.9134	4.5795 *
Tokyo	150.55	227.78	73.94	21.84	0.1024	65.58	3.5382	85.49	—
Zurich	1.7550	2.6516	0.8656	0.2551	0.1189 *	0.7659	4.1099 *	—	0.1695 *
1 ECU	1.0163	0.676	2.0722	7.0287	1,499.04	2.3327	43.3757	1.7958	153.38
1 SDR	1.2133	0.8061	2.4755	8.3994	1,787.39	2.787	51.843	2.1445	182.426

*Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	190.56	Fin. markka	4.556	Mex. peso*	2484.72	S. Afr. rand	2.8745
Austral. $	1.347	Greek drac.	174.80	N. Zealand $	1.7809	Soviet ruble*	0.6594
Austr. schil.	14.36	Hong Kong $	7.779	Nig. naira*	5.2995	Span. peseta	130.25
Brazil cruz.	1.3127	Indian rupee	16.44	Norw. krone	7.353	Swed. krona	6.845
Canadian $	1.1995	Indo. rupiah	1765.00	Phil. peso	20.69	Taiwan $	25.93
Chinese yuan*	3.7221	Irish £	0.7672	Port. escudo	170.15	Thai baht*	25.92
Danish krone	7.933	Israeli shek.	1.89	Saudi riyal*	3.7498	Turkish lira	2087.00
Egypt. pound	2.5932	Kuwaiti dinar*	0.2969	Sing. $	1.966	UAE dirham*	3.6694
		Malay. ring.*	2.721	S. Kor. won	669.60	Venez. boliv.	38.40

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.4976	1.4906	1.4846	Canadian dollar	1.2026	1.2057	1.2087
Japanese yen	149.24	148.72	148.27	Swiss franc	1.7509	1.7496	1.7480
Deutsche mark	2.0241	2.0202	2.0170				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits — *June 15*

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8¼
2 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9-9⅛	8¼
3 months	[illegible]	[illegible]	[illegible]	14½-14⅝	[illegible]	[illegible]	[illegible]	8¼
6 months	[illegible]	7-7⅛	7¼-7⅜	[illegible]	8⅞-9	5¼-5⅜	9¼-9⅜	8¼
1 year	[illegible]	[illegible]	7¼-7⅜	[illegible]	[illegible]	5¼-5⅜	[illegible]	8¼

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates — *June 15*

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	11.00	11.00
Federal funds	9⅞	9¼
Com paper 90-179 days	8.13	8.08
3-month Treasury bills	8.07	8.11
6-month Treasury bills	7.86	7.76
2-month CD's	8.90	8.90
3-month CD's	8.80	8.90
Japan		
Discount rate	3¼	3¼
Call money	4 13/16	4 27/32
1-month interbank	5 5/16	5¼
3-month interbank	5⅜	5 5/16
West Germany		
Discount rate	4½	4½
Lombard rate	6½	6½
Overnight rate	6½	6½
1-month interbank	6.70	6.70
3-month interbank	7.00	7.00
6-month interbank	7.15	7.15
Britain		
Bank base rate	14.00	14.00
Call money	12½	12½
3-month interbank	14⅝	14 9/16
6-month interbank	14 11/16	14⅝
France		
Intervention rate	8¼	8¼
Call money	9 1/16	8 15/16
1-month interbank	8 13/16	8 13/16
3-month interbank	8 13/16	8 13/16
6-month interbank	8⅞	8⅞

Sources: Central Bank of Tokyo, Commerzbank, Credit Lyonnais.

Asian Dollar Deposits — *June 15*

1 month	9⅜ - 9½
2 months	9⅜ - 9½
3 months	9¼ - 9⅜
6 months	9⅛ - 9¼
1 year	9 - 9⅛

Source: Reuters.

U.S. Money Market Funds — *June 15*

Merrill Lynch Ready Assets
30-day average yield: 9.42
Telerate Interest Rate Index: 8.892

Source: Merrill Lynch, Telerate.

Gold

June 15

	A.M.	P.M.	Ch'ge
Hong Kong	361.15	360.65	— 1.40
Luxembourg	360.60	—	— 1.30
Paris (12.5 kilo)	360.15	359.89	— 1.68
Zurich	360.50	361.85	+ 0.30
London	360.25	361.50	+ 0.40
New York	—	364.35	+ 3.60

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.

Source: Reuters.

Lotus Holds Its Breath On New Software Plan

After Delays, the Stakes Are Higher

By John Markoff

New York Times Service

NEW YORK — It's white-knuckle time for Lotus Development Corp.

On Tuesday, after more than a year's postponement, the company will ship the first copies of a more powerful version of its 1-2-3 spreadsheet program — if no further bugs are found.

Succeeding with a new version of 1-2-3 is a must for Lotus. After five years of unchallenged domination of the growing market for spreadsheet software, the world's most popular computer program is looking frayed around the edges.

Competitors like Microsoft Corp. and Borland International, although trailing in market share, are winning the feature war.

To put it back in front, Lotus is counting on 1-2-3 Release 3.0, which has dozens of new features, including the ability to create and calculate three-dimensional spreadsheets.

The introduction comes after two years of delays and slowing financial growth that have put Lotus constantly on the defensive.

The company, often attacked as arrogant, has been humbled by failing several times when it tried to enter the growing market for software that will run on Apple Computer Inc.'s popular Macintosh.

Worst of all, Lotus has begun to lose some of its home turf in the spreadsheet market.

As Lotus' top executive sees it, almost everything is riding on the new program. For him, the delays, bad press and loss of credibility have been a personal challenge.

"I think I'll consider putting a gun to my head if we don't make it this time," said Jim Manzi, chairman and chief executive.

When they appeared early in this decade, spreadsheets turned out to be the key program that the personal computer industry was waiting for. They allow people who work with financial information to manipulate and display numbers easily, automatically making complex calculations, testing financial hypotheses and analyzing information in new ways.

Spreadsheets allow the user to place numbers in rows and columns, like an accountant's ledger sheet, and then manipulate them.

It is difficult to overestimate the importance of Release 3.0 to Lotus. On the strength of 1-2-3, the company, based in Cambridge, Massachusetts, is now No. 2 in personal computer software behind Microsoft, but so far it has fallen short in its efforts to match that performance in other software categories.

AP

Jim Manzi, Lotus's CEO

Analysts say Lotus badly needs another hit.

The success or failure of the latest revision to 1-2-3, which in the last five years has become the standard financial analysis tool for almost 5 million computer users, will be closely watched by customers, competitors and Wall Street analysts.

But the worst may be behind the company. Lotus, which has drawn criticism for investing heavily in exotic programs that are difficult to explain to average computer users, has refocused its efforts on the heart of its business, what the company calls "analytical tools."

For example, the company is now rethinking how to market an ambitious program called Notes, designed to permit office workers to share information.

"We want to do an A-plus job on our core business first," Mr. Manzi said.

As a result of that new focus, Wall Street seems to have regained its confidence in Lotus. The company's stock has traded recently as high as $26.75 after falling as low as $15 in October. It closed Thursday at $25.74, down 25 cents.

Moreover, Mr. Manzi's toughest competitors are now more reticent to criticize him and Lotus.

Microsoft, which prides itself on its technical prowess, was embarrassed recently when it reported that it would be late in shipping crucial software programs.

Earlier this week the stock of Ashton-Tate Co. plummeted when the company said it would have a loss in the second and possibly the third quarter because of slow sales of its data base manager program.

At the same time, reports from corporate customers who are testing Release 3.0 have been positive, and Lotus has been growing more confident that the program will quickly live up to its potential.

"It's an interesting product with new features we're anxious to move

See LOTUS, Page 15

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Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
A										
[illegible]										
B										
[illegible]										
C										
[illegible]										
D-E										
[illegible]										
F-G										
[illegible]										
H										
[illegible]										
I-J-K-L										
[illegible]										
M-N										
[illegible]										
O-P-Q-R										
[illegible]										
S										
[illegible]										
T										
[illegible]										
U-V										
[illegible]										
W-X-Y-Z										
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

U.S. Expects Seoul to Lift Its Beef Import Curbs

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — South Korea is likely to open its beef market "in a matter of weeks," according to the U.S. trade representative, Carla A. Hills, who has described that pending *move as a major* liberalization of trade.

Last month, Seoul made a series of market-opening concessions to avoid being designated by Washington as a "priority" unfair trader.

Opening the beef market could be important for the United States and Australia, the principal meat suppliers in the western Pacific region. The value of the South Korean market is projected at $500 million a year, about half the size of the Japanese market, which was opened last year after arduous negotiations.

Mrs. Hills told the Senate Finance Committee on Wednesday that the leverage would come from an expected ruling by a panel of the 96-nation General Agreement on Tariffs and Trade, which would wipe out the main justification for South Korea's beef curbs.

Seoul has invoked the so-called balance-of-payments provision of GATT Article 23B, which permits countries to place quota restrictions on imports when they face problems in paying their international bills. Yet South Korea has been running large trade surpluses with most countries since 1986. Its surplus with the United States last year was $9.9 billion, unchanged from 1987.

The U.S. and several other GATT members challenged the balance-of-payments justification, and a GATT panel is expected to hand down a ruling against South Korea by the end of this month.

Although GATT cannot impose its rulings, Mrs. Hills said: "We believe we will have a result through the GATT organization that permits us to get that market opening. The balance-of-payments rule on which Korea has relied to deny open access to its beef market is under scrutiny, and we believe is an area where we will get liberalization in a matter of weeks."

Kim Yong Kyoo, commercial attaché at the South Korean Embassy, said he found it "very difficult" to comment. But he then added: "Korea is moving forward in the liberalization of its agricultural products."

South Korea has been asked to announce a *timetable for removing* its quota restrictions before the GATT balance-of-payments committee meets at the end of June.

In consultations with Seoul, the United States has repeatedly sought elimination of all quantitative restrictions. Last year, South Korea cut restraints on 333 products, including such agricultural products as fresh avocados and frozen french fries.

Then on April 8, as part of efforts to avoid special trade designation by the United States, South Korea announced a further liberalization package, which included widening the import quota on whisky and opening the market for orange juice concentrate.

South Korea also agreed to end some trade-related barriers on foreign investment.

AIR: *European Flag Carriers Look to Mergers in the Face of Competition*

(Continued from first finance page)

don Heathrow Airport, for example, which handles 70 percent to 80 percent of Britain's scheduled international traffic, has a formal ban on new operators. Gatwick, Britain's second-largest airport, is also virtually full.

Overall, Europe has 35 airports that are characterized as congested, with seven — London Heathrow, Gatwick, Düsseldorf, Frankfurt, Munich, Rome and Milan — severely so.

Consequently, industry experts say that in many cases the only way airlines could gain the landing and takeoff slots they need to build *more extensive international routes is through* combinations with other airlines.

"You need to have slots to be able to able to expand your hub system," said one industry executive. "How do you get them if not from your competitors."

The growth in importance of computerized reservations systems is also dragging European airlines closer together, experts said.

The two European systems created to compete with the Sabre and Apollo systems in the United States are Amadeus, jointly owned by Lufthansa, SAS, Finnair, Air France and Iberia; and Galileo, a joint project of British Airways, Aer Lingus, KLM, Sabena, Swissair, Austrian Airlines, Alitalia, TAP Air Portugal and Olympic Airways.

Far from merely booking reservations, the major U.S. and European systems today handle millions of continuously changing pieces of information on fares, schedules and ground arrangements as well as acting as a tool for inventory control and marketing and sales analysis.

In addition to forcing airlines to cooperate to share the immense costs of such systems, experts said they have become such an integral part of modern airline management that they may eventually rival the carriers themselves in importance.

"There is a possibility that the computer systems could become more important than the individual airlines that own them," said Mr. Ziefer. "You could see the day when a large CRS *system* owns a number of airlines."

Industry executives said market pressures for airline consolidation in Europe have pushed well ahead of the progress made by the EC ministers in liberalizing the structure of the industry.

But they note that in its usual painstaking fashion, Brussels has managed to push through a number of measures limiting the ability of member states to intervene in the markets to prop up national carriers

In December 1987, EC ministers launched a two-and-a-half-year program to liberalize air fares, the capacity of traffic between member states and access to national markets.

The first part of the liberalization package, which took effect on Jan. 1, 1988, stripped national airlines of the power to veto discount and deep discount fares offered by more aggressive carriers.

Under the rules on capacity, the number of flights and the size of aircraft can be decided by the carriers themselves in response to market demand. Governments can only intervene in the market if the market share of their airline drops below 45 percent. In October, this figure will drop to 40 percent.

The package also eased rules on market access, allowing more airlines to compete on dense traffic routes.

"What the commission has been striving for is not a free-for-all, not complete deregulation," said Stanley Clinton Davis, a former EC transport minister. Rather, he said, the EC approach is one of "creating order in the marketplace along with opportunities for competitive enterprise."

Whatever the specific level of liberalization that the European Community is aiming for, it is airlines themselves that are likely to force the pace, executives said.

SAS has been in the front of the movement *toward pan-Europeanism* in the airline industry, largely to protect itself from being frozen out of the planned EC single market.

Last December, the airline took a 24.9 percent stake in Airlines of Britain, the parent company of British Midland Airways. The deal will give SAS a hub at Heathrow to enable it compete directly with British Airways and to draw on a wider market to feed traffic into its main hub at Copenhagen.

SAS also has been looking overseas, last year *taking a 9.9 percent stake in Texas Air Corp.* and negotiating — so far unsuccessfully — for a stake as large as 40 percent in Aerolinas Argentinas.

The Dutch airline KLM, *which, like SAS,* has a home market too small to support its international ambitions, has also actively sought partners. In addition to a possible deal with Sabena, KLM has taken a 14.9 percent stake in Air U.K. of Britain.

A deal between KLM and Sabena would widen the combined airline's home market to 25 million people and give it improved coverage of Europe and the rest of the world. For KLM it would also avert the danger of a strong competing hub on its doorstep should Sabena merge with another airline.

KLM has also set its sights on the U.S. market and earlier this month joined a bidding consortium for NWA Corp., parent of Northwest Airlines, the fourth-largest U.S. carrier.

Significantly, the combinations that have taken place to date among European airlines have been largely between those already cooperating in computer reservations systems.

Iberia and Lufthansa, both participants in the Amadeus system, last year set up Viva Air, a *Spanish charter airline. Lufthansa last year also* joined forces with Air France to create Euro-Berlin, offering scheduled service to Berlin and other German cities.

Industry experts say there is no question that such linkups will continue. The major questions are the pace of change and where the EC Commission will finally draw the line on where cooperation begins to kill competition.

"If all such carriers were to be swallowed up through various forms of cooperation or conglomeration with larger airlines, the competitive atmosphere would be rather bleak," said Sir Leon Brittan, European commissioner for competition, in a speech on June 2.

But industry analysts say the pressure on European airlines to match the growth of their American and Asian competitors will make it difficult for the commission to reject merger proposals.

In the same way, with the commission seeking to keep up the political momentum toward the 1992 single market, it also would be difficult for it to yield to appeals by member states to protect inefficient and poorly run flag carriers.

Thus, while European airline deregulation may not be as merciless as its U.S. forerunner, the end result its unlikely to be much different.

"It will come down to a handful or less of the big international carriers," said Mr. Carlzon. "If it doesn't, there is no way we can compete."

World Stock Markets

Via Agence France Presse Closing prices in local currencies, June 15

Amsterdam

	Close	Prev.
ABN Bank	42.40	42.60
ACF Holding	51.30	51.30
Aegon	100.40	101.20
Ahold	121	120.20
Akzo	150.20	150.20
AMEV	52.50	52.20
A'Dam Rubber	7.80	7.90
Amro Bank	83.10	83.20
Bols	144	144.60
Bohrmann Tett	69.10	69.30
BVG	27	27
Center Parcs	78.70	80
CSM	69.10	68.60
DAF	56	56.30
DSM	129.70	129.50
Elsevier	73.60	73.60
Fokker	41.90	42
Gist-Brocades	34.20	35
Heineken	119	118.40
Hoogovens	112.70	113.90
Hunter Douglas	118.50	116.90
IHC Caland	33.10	33.30
Int Mueller	104	102
KLM	49	48.60
KNP	59.70	59.50
Nat Neder	64.70	65
Nedlloyd	439	438.50
NMB Bank	235	235.50
Oce Grinten	317	314
Pakhoed	137.20	138.20
Philips	38.50	38.70
Robeco	106.40	106.60
Rodamco	165.40	165.30
Rolinco	104.80	104.80
Rorento	61.90	61.80
Royal Dutch	138.80	138.30
Unilever	142.40	141.10
Van Ommeren	47.10	46.20
VMF Stork	37.40	37.40
VNU	110	109.60
Wessanen	90.40	91.40
Wolters/Kluwer	186	185

ANP-CBS Gen'l Index : 188.80
Previous : 187.90

Brussels

	Close	Prev.
Arbed	6070	6120
Bekaert	14775	14750
Cockerill	342	343
Cobepa	5740	5780
Delhaize	5520	5470
EBES	4700	4700
GB-Inno-BM	1408	1400
GBL	4585	4570
Gevaert	8480	8480
Hoboken	17600	17700
Intercom	3645	3650
Kredietbank	4500	4525
Petrofina	13050	13050
Royale Belge	5200	5170
Soc Gen Baque	6120	6050
Sofina	12450	12575
Solvay	14650	14700
Tractebel	9900	9900
UCB	11650	11650
Unerg	2695	2705

Current Stock Index : 6131.15
Previous : 6145.19

Frankfurt

	Close	Prev.
AEG	210.50	210.40
Allianz Hldg	1820	1829
Altana	411	411
Asko Dt. Kfhs	814	810
BASF	306.50	308.50
Bayer	308	310.70
Bay. Hypo bank	379.50	376
Bay Vereinsbank	378	377
BBC	492	490
BHF-Bank	450	450
BMW	554	540
Commerzbank	242.20	238.70
Continental	297.20	295.70
Daimler-Benz	670.50	678
Degussa	470	473
Dt. Babcock	186.50	183.50
Deutsche Bank	558	556.50
Dresdner Bank	322.30	321.50
Feldmuehle	377	374
Harpener	454	454
Henkel	494.40	498
Hochtief	856	856
Hoechst	295.50	297.10
Hoesch	277	275
Holzmann	600	602
Horten	249.20	250.50
Hussel	514	510
IWKA	307	303
Kali + Salz	222	212
Karstadt	569	559.50
Kaufhof	510	500
KHD	180	181.50
Kloeckner Werke	172.50	172
Krupp Stahl	241	242
Linde	711	717
Lufthansa	184	184
MAN	299	298.50
Mannesmann	244.20	244
Metallgesell	442	436
Muench Rueck	2340	2360
Nixdorf	393	393
PKI	546.50	550
Porsche	790	790
Preussag	309	309
PWA	304	304
RWE	311	313
Rheinmetall	377	379
Schering	726	672
SEL	308	310.40
Siemens	543.50	547.50
Thyssen	230.30	232.30
Varta	354	344
Veba	309.80	311.50
VEW	190	191
Viag	339	334.20
Volkswagen	410.50	415
Wella	593	600

Commerzbank Index : 1776.10
Previous : 1782.30
FAZ Index : 598.81
Previous : 600.17

Helsinki

	Close	Prev.
Amer A	170	168
Enso-Gutzeit	48	38.60
Finnish Sugar	102	100
K.O.P.	65	65.20
Kymmene	120	120
Nokia	133	131
Pohjola	185	184
Stockmann	287	274
Utd Paper	132	132
Wartsila	N.Q.	—

Unitas Index : 776.50
Previous : 801.80

Hong Kong

	Close	Prev.
Bk East Asia	13.90	14.10
Cathay Pacific	8.35	8.70
Cavendish Int'l	2.60	2.70
Cheung Kong	7.35	7.60
China Light Pwr	11.40	11.60
Dairy Farm Int'l	6.55	6.60
Hang Lung Dev	3.55	3.425
Hang Seng Bank	20.60	21
Henderson Land	3.625	3.775
HK Air Eng.	17.40	17.10
HK China Gas	15.90	16.20
HK Electric Hdgs	7.10	7.15
HK Land	7.30	7.25
HK Realty Trust	4.25	4.40
HK Shang Bank	5.55	5.65
HK Shai Hts	4.475	4.45
HK Telecomm	4.40	4.40
HK-TVB	9.05	8.90
HK Ferry	4	4.125
Hutch Whampoa	8.05	8.15
Hysan Dev	1.72	1.72
Jardine Math.	19	19
Jardin Strat Hdg	10.60	10.80
Kowloon Motor	6.35	6.40
Mandarin Orient	4	4
Miramar Hotel	4.975	5.25
New World Dev	8.50	8.50
SHK Props	8.80	8.80
Stelux	1.92	1.92
Swire Pac A	14.30	14.70
Tai Cheung Prps	3.45	3.525
Wharf Hold.	7.40	7.65
Wing On Co	4.525	4.75
Winsor Ind.	7.75	7.75
World Int'l Hdgs	3.15	3.175

Hang Seng Index : 2340.82
Previous : 2380.49

Johannesburg

	Close	Prev.
AECI	1750	1700
Altech	8300	8400
Anglo American	8600	8575
Barlows	4150	4200
Blyvoor	1045	1025
Buffels	4800	5000
GFSA	6800	6800
Harmony	2100	2100
Hiveld Steel	2075	2075
Kloof	4800	4850
Nedbank	830	825
Rusplat	6100	6165
SA Brews	2275	2400
St Helena	3000	2950
Sasol	1275	1290
Welkom	1825	1825
Western Deep	11100	11100

Composite Stock Index : 2510
Previous : 2510

London

	Close	Prev.
AA Corp $	19⅝	19⅝
Allied Lyons	443	433
Anglo Am Gd $	62⅜	63¼
Ass Brit Foods	346	348
Asda-MFI Gp	170	170½
BAA	342	345
Barclays	442	440
Bass	974	974
B.A.T.	632	630
Beecham	617	612
Blue Circle	255	255
Boc Group	277	280
Boots	284½	284
Bowater Ind.	446	443
Brit Aero.	670	678
Brit Airways	200½	203
British Gas	183	183
BP	286	284½
British Telec.	276½	277½
BTR	370	372
Burmah	498	498
Cable Wireless	475	485
Cadbury Schw	365	366
Charter Cons.	352	350
Commercial U	344	344
Cons Gold Fd	12 21/32	12 23/64
Cookson Gp	234	235
Courtaulds	322½	322
Dalgety	348	351
De Beers	15	15¼
Dixons	142	140
Driefontein $	9⅝	9⅞
Fisons	287	290
Freegold $	6⅛	6⅛
Gateway	210½	212
Gen Accident	973	973
GEC	239	238
GKN	391	394
Glaxo	12¾	13 29/64
Grand Met	594	597
GRE	194	192
Guinness	501	494
Gus	16⅝	16¾
Hanson	202½	199½
Hawker	870	867
ICI	12 21/32	12 43/64
Jaguar	352	351
Kingfisher	368	368
Lands Sec	588	586
Legal and Gen	309	307
Lloyds Bank	338	334
Lonrho	248	248
Lucas	605	602
Marks & Sp	189½	191
Maxwell Com	178	179
Metal Box	197	197
Midland Bank	344	343
Nat.West.Bk	292	292
Pearson	790	790
P and O	623	623
Pilkington	210	210
Plessey	265	265
Prudential	174½	174½
Racal Elec	332	332
Randfontein $	42⅛	42⅜
Rank	933	933
Reed Internat.	430	438
Reuters	771	774
Rolls-Royce	191½	191½
Royal Dutch	40⅜	39⅞
RTZ	494	494
Saatchi	302	302
Sainsbury	260½	259½
Sears Holding	114½	114
Shell	418	418
STC	350	349
Std Chart.Bk	520	514
Storehouse	154	154
Sun alliance	10 27/32	10 61/64
Tate and Lyle	249	250
Tesco	183½	183½
Thorn Emi	727	718
T.I. Group	436	438
Trafalgar Hse	390	392
THF	214	213
Ultramar	302½	295½
Unilever	574	572
Utd Biscuits	337	344
Vickers	208	210
War Loan 3½ %	36 21/32	36 21/32
Wellcome Gp	422	422

F.T. 30 Index : 1738.90
Previous : 1742.90
F.T.S.E. 100 Index : 2129.40
Previous : 2133.60

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	1045	1055
Bco. Central	1045	1050
Bco. Santander	841	840
Banesto	1025	1130
CEPSA	479	500
Dragados	602	601.50
Ercol. Rio Tinto	335	334
Hidroelec. Esp.	N.Q.	—
Iberduero	124.50	124.50
Telefonica	202.25	201.25

General Index : 311.64
Previous : 313.73

Milan

	Close	Prev.
Banca Comm	4580	4570
Bastogi	414	410
Ciga hotels	4841	4800
CIR	6050	5960
Cred Ital	3228	3250
Eridania	6385	6400
Ferruzzi Fin.	2426	2410
Ferruzzi Agr.	2390	2400
Fiat	10180	10065
Generali	42820	42800
IFI	20230	20170
Italcem	11550	11350
Italgas	3340	3300
Italmobiliare	171250	169800
Mediobanca	22610	22150
Montedison	2270	2230
NBA	1641	1645
Olivetti	9550	9400
Pirelli	2530	2530
RAS	28640	28740
Rinascente	5705	5600
Saipem	3960	3960
SIP	3106	3080
SME	4040	3950
Snia	2535	2500
Standa	26450	26450
Stet	4490	4400
Toro	20700	20700

a: x100.
MIB Index: 1099
Previous : 1095

Paris

	Close	Prev.
Accor	717	716
Air Liquide	626	627
Alsthom Atl.	428	435
Av Dassault	737	732
Bancaire	522	522
BIC	765	763
Bongrain	3046	3045
Bouygues	647	649
BSN-GD	3182	3200
Carrefour	3250	3200
Cerus	496.50	497.50
Chargeurs	1325	1315
Club Med	656	657
Dumez	990	1001
Elf-Aquitaine	535	540
Europe 1	725	735
Gen. Eaux	1973	2017
Hachette	391.40	395
Havas	985	985
Imetal	380.20	380
Lafarge Coppee	1647	1662
Legrand	3730	3750
Oreal (L')	4140	4150
L.V.M.H.	4152	4140
Matra	347.80	345.80
Merlin Gerin	450	443
Michelin	200.50	200
Moulinex	134.50	134.50
Occidentale	898	891
Paribas	492	495
Pernod-Ricard	1310	1295
Perrier	1528	1542
Peugeot	1631	1640
Printemps (Au)	724	720
Radiotechnique	629	631
Raff. St. Louis	1365	1362
Redoute (La)	3080	3100
Roussel Uclaf	1710	1699
Saint Gobain	619	620
Skis Rossignol	1255	1250
Societ. Generale	497	502
Suez	344	342.50
Telemecanique	3408	3460
Thomson-CSF	219.10	217.50
Total	519	522
Valeo	785	793

Bourse trend index : — 0.32%
Previous : — 0.28%

Sao Paulo *June 14*

	Close	Prev.
Banco do Brasil	0.85	0.95
Bradesco	0.12	0.13
Brahma	0.03	0.03
Paranapanema	0.15	0.17
Petrobras	4.38	4.87
Varig	0.27	0.34

Bovespa Index: N.A.
Previous : 18363

Singapore

	Close	Prev.
Cerebos	5.50	5.45
City Dev.	4.74	4.86
DBS	9.75	9.70
Fraser Neave	10	10
Genting	5.80	5.80
Harrisons Plant	2	2.05
Haw Par	3.08	3.10
Hume	2.85	2.93
Inchcape	4.75	4.90
Keppel	4.40	4.48
KL Kepong	3.54	3.50
Lum Chang	1.22	1.25
Malayan Banking	6.15	6.35
OCBC	9.90	10
OUB	3.45	3.72
OUE	8	7.90
Sembawang	4.44	4.50
Shangri-la	8.30	8.45
Sime Darby	3.42	3.48
SIA	13.30	13.20
S'pore Land	12.30	12.40
S'pore Press	13.20	13.40
S. Steamship	3.20	3.28
S. Trading	4.12	4.24
UOB	5.45	5.48
United Overseas	2.34	2.38

Straits Times Ind. : 1288.29
Previous : 1290.47

Stockholm

	Close	Prev.
AGA	227	227
Alfa Laval	420	426
Asea	585	575
Astra	286	284
Atlas Copco	375	364
Electrolux	261	265
Ericsson	328	341
Esselte	188	186
Handelsbanken	168	170
Pharmacia	183	183
Norsk Hydro	234	231
Saab-Scania	180	182
Sandvik	166	163
SCA	305	307
S-E. Banken	166	164
Skandia Int	256	250
Skanska	238	238
SKF	157	157
Stora	440	445
SwedishMatch	N.Q.	186
Volvo	446	446

Affaersvaerlden : 1211.60
Previous : 1211.20

Sydney

	Close	Prev.
ANZ	4.85	4.90
BHP	8.50	8.52
Boral	3.36	3.34
Bougainville	2.80	2.80
Coles Myer	8.50	8.44
Comalco	3.42	3.41
CRA	8.88	8.94
CSR	4.45	4.48
Dunlop	4.52	4.52
Elders IXL	2.39	2.56
ICI Australia	6.20	6.30
Magellan	2	2
MIM	1.95	1.93
Nat Aust Bank	6.44	6.82
News Corp	15	15.55
N Broken Hill	2.32	2.35
Poseidon	1.80	1.85
QCT Resources	1.28	1.25
Santos	3.55	3.60
Thomas Nation	3.88	3.93
Western Mining	5.74	5.86
Westpac Banking	5.12	5.10
Woodside	2.34	2.31

All Ordinaries Index : 1532.90
Previous : 1535.30

Tokyo

	Close	Prev.
Akai	790	800
Asahi Chemical	1140	1130
Asahi Glass	2400	2430
Bank of Tokyo	1640	1650
Bridgestone	1410	1400
Canon	1900	1880
Casio	1420	1400
C.Itoh	953	953
Dai Nippon Print	2290	2250
Daiwa House	2110	2080
Daiwa Securities	2140	2120
Fanuc	6540	6340
Fuji Bank	3400	3430
Fuji Photo	4480	4420
Fujitsu	1560	1560
Hitachi	1560	1570
Hitachi Cable	1240	1210
Honda	2060	2070
Ito Yokado	5680	5670
Japan Air Lines	14400	14400
Kajima	1940	1940
Kansai Power	4460	4540
Kawasaki Steel	910	931
Kirin Brewery	2000	1990
Komatsu	1150	1160
Kubota	1020	1020
Kyocera	5320	5230
Matsu Elec Inds	2400	2410
Matsu Elec Wks	1950	1940
Mitsubishi Bank	3060	3060
Mitsubishi Kasei	1060	1020
Mitsubishi Elec	1130	1140
Mitsubishi Hvy	1120	1120
Mitsubishi Corp	1370	1400
Mitsui and Co	981	974
Mitsukoshi	2350	2300
Mitsumi	960	972
NEC	1850	1860
NGK Insulators	1740	1780
Nikko Securities	1480	1490
Nippon Kogaku	1480	1490
Nippon Oil	1450	1450
Nippon Steel	800	804
Nippon Yusen	950	975
Nissan	1550	1570
Nomura Sec	3080	3140
NTT	1450	1440
Olympus Optical	1420	1410
Pioneer	3600	3650
Ricoh	1170	1160
Sanyo Elec	903	905
Sharp	1400	1380
Shimizu	1400	1400
Shinetsu Chem	1780	1780
Sony	7210	7270
Sumitomo Bank	3440	3560
Sumitomo Chem	938	950
Sumi Marine	1290	1300
Sumitomo Metal	775	820
Taisei Corp	1520	1500
Taisho Marine	1330	1340
Takeda Chem	2550	2540
TDK	5570	5600
Teijin	890	893
Tokyo Marine	1850	1880
Tokyo Elec Pwr	5140	5190
Toppan Printing	1880	1860
Toray Ind.	977	977
Toshiba	1370	1380
Toyota	2460	2470
Yamaichi Sec	1720	1760

a: x100.
Nikkei 225 : 32913.89
Previous : 33482.97
New Index : 2468.16
Previous : 2472.82

Zurich

	Close	Prev.
Adia	8150	8080
Alusuisse	1320	1305
Bank Leu	2700	2700
Brown Boveri	4105	4100
Ciba Geigy	3460	3450
Credit Suisse	2880	2880
Electrowatt	2975	2975
Georg Fischer	1770	1775
Interdiscount	3975	3900
Jacob Suchard	7325	7275
Jelmoli	2475	2475
Landis Gyr	1325	1340
Moevenpick	5900	5900
Nestle	8330	8330
Oerlikon-B	1330	1325
Roche Holding-B	16775	16550
Sandoz	2115	2110
Schindler	6125	5600
Sulzer	400	400
Surveillance	5575	5600
Swissair	1070	1050
SBC	292	300
Swiss Reinsur	1725	1725
Swiss Volksbank	1710	1730
Union Bank	3175	3175
Winterthur	4700	4675
Zurich Ins	5090	5100

S.B.C Index : 636.70
Previous : 633.70

Toronto *June 15*

Canadian stocks via AP

Sales	Stock	High	Low	Close	Chg.
[illegible]					

TSE 300 Index: Close 3,737.37 Previous 3,769.74

Montreal *June 15*

Sales	Stock	High	Low	Close	Chg.
89049	Bank Mont	$31⅝	31⅛	31¼	— ¼
16465	BombrdrA	$14½	14¼	14¼	
68580	BombrdrB	$14½	14¼	14⅜	+ ⅛
2000	CB Pak	$19	19	19	
36800	Cascades	$07⅛	07	07	— ⅛
16045	DomTxtA	$15⅝	15⅜	15⅜	— ¼
1105	Memotec	$8⅝	8⅝	8⅝	
351683	NatBk Cda	$14⅛	13⅞	14	
25091	Noverco	$12⅞	12⅝	12⅝	— ¼
159520	Power Corp	$15¾	15½	15½	
49595	Provigo	$10⅝	10	10⅝	+ ⅜
2650	SteinbrgA	$42⅛	42½	42⅝	+ ⅛
14400	Videotron	$19	18⅞	18⅞	— ⅛

Total Sales 7,404,084 shares.

Industrials Index: Close 1,646.49 Previous 1,652.78

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BUSINESS ROUNDUP

British Steel's Profit Soared 42% Last Year

Compiled by Our Staff From Dispatches

LONDON — British Steel PLC reported Thursday a 42 percent increase in pretax profit during its first year as a public company, largely because of strong international and domestic markets.

British Steel said pretax profit was £589 million ($892 million) in the year ended March 31, up from £411 million a year earlier.

At the time of its £2.5 billion flotation in November, British Steel had forecast pretax profit of not less than £550 million.

Market forecasts for pretax profit had ranged between £570 million and £620 million.

Sales rose 19 percent, to £4.9 billion, compared with £4.11 billion a year earlier.

British Steel partly paid shares lost 2.5 pence, closing at 83.5 on the London Stock Exchange, despite the big increase in profit.

Steel demand in Britain rose in all sectors and reached the highest level since 1976-77, the company said. It said operating performance at all its major plants in terms of output and cost efficiencies continued at a "high standard."

"The general situation and outlook in steel internationally appears more stable than for some time," said the chairman of British Steel, Sir Robert Scholey.

"Although excess capacity continues to exist on a world basis against what would generally be judged as trend demand levels, the balance today is much better than it was a few years ago."

Sir Robert attributed the improvement to signs that governments in other countries might, like Britain, reduce their involvement in the steel industry. Such involvement played a significant role in creating excess capacity that damaged the industry.

But analysts said the record demand that British Steel enjoyed last year was likely to drop off as high interest rates bite into spending on consumer appliances.

British Steel said profit after taxes rose 37 percent to £561 million, or 28 pence a share, from £410 million, or 20.5 pence a share, the year before.

The company said profits would have been higher without a £140 million exceptional charge resulting from layoffs and related charges following privatization.

Trading, or operating profit, rose to £656 million from £424 million.

In this decade, British Steel has achieved a dramatic reversal of its international standing in efficiency. By mid-1988, its pretax cost of producing a ton of steel for shipment was $415, well below the averages in the United States, Japan, West Germany, France and Canada, according to a world survey by PaineWebber Inc.

The British steelmaker also beat out producers in newly industrialized nations like Brazil, South Korea and Taiwan, which pay lower wages but have higher financial costs, mainly interest payments and depreciation charges.

(AP, Reuters)

Siemens and Matsushita Plan Component Venture

Reuters

MUNICH — Siemens AG of West Germany and Matsushita Electric Industrial Co. of Japan agreed on Thursday to set up a joint component company, a move seen by analysts as significant for the West German company's expansion strategy.

Chief executives of the companies told reporters the new concern would be part of a cooperation accord for the production and sales of passive components from Oct. 1, 1989.

Passive components, such as condensators, inductors and acoustic wave filters, are used in car electronics, computers, telecommunication equipment and household appliances.

"The move is more important as an illustration of Siemens strategy rather than as a source of fast earnings," said Rolla Kantz, analyst with Citibank in Frankfurt.

Siemens, often described by analysts as being too slow and cautious in making acquisitions, has won attention recently through a series of takeover bids and cooperation agreements.

Together with Britain's General Electric Co., Siemens has launched a bid for Plessey Co. of Britain and is negotiating a joint venture with the Rolm telecommunications unit of International Business Machines Corp.

Siemens, which is also buying the French information technology firm IN2, has said takeovers this business year would cost it between 4 billion and 5 billion Deutsche marks ($2 billion to $2.5 billion).

The cooperation with Matsushita "will open up new markets for us, not least in Japan, where it is difficult to gain access," said Siemens's chairman, Karlheinz Kaske.

Matsushita has annual component sales equivalent to more than $2.9 billion compared with Siemens' $350 million.

"The only way to improve business is to join one of the giants," said a Düsseldorf-based analyst.

Siemens's components division has been making losses in recent years but Mr. Kaske said he was confident the division would return to profit in the current financial year, which ends Sept. 30.

The new company, Siemens-Matsushita Components GmbH, is expected to have sales of 800 million DM in its first year of operations. That is expected to grow within three years to 1.2 billion to 1.3 billion DM.

Siemens said the new company would initially be owned 74.9 percent by Siemens and 25.1 percent by Matsushita. Within two years the Japanese company will integrate its own operations in passive components into the company, raising its stake to 50 percent, although Siemens would retain a voting majority.

Thermos Is Sold to Nippon Sanso of Japan

Compiled by Our Staff From Dispatches

PROSPECT HEIGHTS, Illinois — Household International Inc. said Thursday that it would sell its Thermos Co. subsidiary to Nippon Sanso K.K. of Japan.

The cash transaction is expected to be completed by Aug. 31, Household said. The price was not disclosed.

Thermos is a leader in the design, manufacture and marketing of outdoor leisure products and housewares in North America and Europe. The company is best known for its commercialization of the glass vacuum bottle and is one of the leading makers of gas barbecue grills.

Thermos, which has about 1,900 employees in the United States, Canada and England, reported 1988 sales of about $194 million.

Nippon Sanso is one of the world's leading makers of industrial gas, including oxygen, nitrogen and argon. It diversified in recent years into related consumer areas, including frozen foods and stainless steel vacuum bottles.

Household is selling Thermos to focus exclusively on its financial services business.

It announced in January that it would divest all of its manufacturing operations, to increase the value of shareholders' investments.

Household said the disposals would allow the company to cut its debt by about $255 million and to invest about $95 million in the core financial services business.

Household Manufacturing had estimated 1988 net income of more then $60 million on sales of more than $1 billion, representing more than 20 percent of Household International's income and revenues before expenses.

In April, Household spun off to its shareholders Eljer Industries Inc., Scotsman Industries Inc. and Schwitzer Inc.

The company said the combined book value of the six remaining manufacturing businesses — which included Thermos — was about $120 million with combines sales of about $300 million in 1988.

The divestiture of the five other manufacturing units is expected to be concluded shortly, the company said.

(UPI, Reuters)

Inspectorate To Mull Offers

Reuters

ZURICH — Inspectorate International SA said Thursday that it had hired Wasserstein, Perella & Co. to help it evaluate offers for its Meridian International computer-leasing unit.

Meridian is Europe's largest independent computer-leasing company, Inspectorate said. It owns equipment worth more than $3 billion and expects 1989 sales of more than $600 million.

Inspectorate analyzes the quality of goods and services for concerns and supplies security systems for buildings.

Monsanto Up on News of IUD Settlements

Reuters

CHICAGO — Shares in Monsanto Co. rose Thursday on news that its pharmaceutical subsidiary, G.D. Searle & Co., had agreed to settle a large number of lawsuits arising out of alleged injury from its Copper-7 contraceptive device.

The settlement greatly diminishes the cloud over the company arising from its potential liability in the Copper-7 intrauterine contraceptive cases, said one analyst, Anita Stamat, at Mabon, Nugent.

Monsanto stock closed Thursday on the New York Stock Exchange at $106.75, up $2.75. It had traded as high as $109.

The settlement covers those individuals represented by a Minnesota law firm that includes the attorney Michael Ciresi. He is viewed as the most aggressive attorney in the suits and won the biggest award.

In September, a jury granted $8.75 million to Esther Kociemba, a Minneosta woman who claimed she was injured by the device.

"If he is settling, the other ones will likely settle at the same terms or better," said an analyst, James Wilbur, at Smith Barney.

The jury in the Kociemba case found that Searle had been negligent in the testing of the Copper-7 and in its failure to warn that the device had the potential to cause infection and infertility. It also concluded that Searle had intentionally misrepresented the safety of the device.

At the time of the Kociemba verdict, about 450 to 500 cases were outstanding against Searle.

Searle removed the Copper-7 device, which still had the approval of the Food and Drug Administration, from the market in 1986.

Searle's mounting legal problems prompted comparisons between Monsanto and the A.H. Robins Co., the maker of the Dalkon Shield intrauterine device. Robin sought bankruptcy protection from creditors because of product-related lawsuits.

Searle said the proposed settlement would not materially affect Monsanto's financial position.

It seems unlikely that Monsanto could have fully anticipated the legal problems that Searle would face. Although 800 or so Copper-7 cases had been brought when Monsanto made its offer in mid-1985, most had been settled for a few hundred dollars or dismissed.

Time Stock Falls Amid Talk of Bid

Reuters

NEW YORK — Time Inc. shares dropped $3.625 to close at $171.50 Thursday on speculation that Time would launch a tender offer for Warner Communications Inc., Wall Street arbitragers said.

Warner's stock rose $1 to $56 on the New York Stock Exchange. Time and Warner had agreed to merge in a stock transaction before Paramount Communications Inc. made a $10.7 billion bid for Time.

Paramount said Thursday that it had requested a meeting with Time to review financial data that could justify raising its offer of $175 a share. Paramount's chairman, Martin S. Davis, said he had read reports that Time was considering alternatives to the bid that could hurt the value of Time stock.

LOTUS: *High Stakes on Software*

(Continued from first finance page)

to," said Jude Garland, a senior vice president in the investment banking division of Shearson Lehman Hutton.

"Just having the third dimension makes a big difference in the ability to organize a spreadsheet," he said.

The third dimension provided by Release 3.0 is to allow the user to "stack" ledger sheets, providing a potentially powerful new tool.

One strong point that the final version of Release 3.0 is demonstrating, early testers say, is that it will perform well on standard IBM PC-AT compatible machines, which is essential if the new program is to compete against Microsoft's Excel program.

There had been concerns that the program would be slow and cumbersome on older, less powerful computers, which now make up about half of the PC market.

"I'm overjoyed with the program," said Jerry Gaffney, an early tester who runs a small travel agency in Seattle. "For a small businessman's applications, it more than outperforms Excel."

Wall Street analysts now project that Lotus will ship 400,000 to 700,000 copies in the form of sales and upgrades for earlier versions of 1-2-3.

Strong early sales of the program could provide a big boost for Lotus in the second half of the year. Some Wall Street analysts suggest that the company could post fourth-quarter earnings of 80 to 90 cents a share, compared with 21 cents last year.

But more important than short-term financial improvement, a favorable reception for Release 3.0 will be a big first step in Lotus' grand strategy of offering a common set of spreadsheet software across a wide range of computer brands.

Many analysts have felt that the strategy — virtually the opposite of the one Lotus rode to success with the first version of 1-2-3, finely tuned for the IBM PC — carries a great deal of risk.

"It's dangerous to ignore the lessons of history," said Stewart Alsop, publisher of PC Letter.

The danger is that in developing a product for many different types of hardware, a software developer may end up with one that does not run exceptionally well in any one environment.

A more difficult question is whether the Lotus strategy of segmenting the IBM PC market will be successful.

Because not all the features of Release 3.0 will fit in the limited memory of a standard IBM PC, Lotus plans to offer a second program called Release 2.2, scheduled to be released during the third quarter of this year and designed to offer an upgrade for those who do not want to move to more powerful computers.

Lotus executives say they are still not certain which program will be more popular.

GESTNORD S.p.A. Società di Gestione di Fondi Comuni di Investimento Mobiliare con sede in Via Pirelli, 19 - MILANO, COMUNICA che la rete dei Soggetti Collocatori delle quote dei Fondi NORDFONDO, NORDCAPITAL e NORDMIX dalla data odierna è AMPLIATA ALLA SOCIETA' "GARDAPROGRAM Fiduciaria e di Revisione Aziendale S.p.A." con sede in Via Cairoli, 6 - BRESCIA, autorizzata dalla CONSOB alla sollecitazione del pubblico risparmio con provvedimento n.3375 del 29 marzo 1988. Il presente comunicato ha formato oggetto di preventiva informazione alla CONSOB.

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INTERNATIONAL FUNDS

June 15, 1989

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The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (I) - twice weekly; (m) - monthly

AL-MAL GROUP		
(w) Al-Mal Trust, S.A	$	289.62
(r) Managed Currency	$	1094.13
(w) Equity	$	952.40
(w) Bond	$	961.62
ALPHA ASSET MANAGEMENT LTD.		
(m) Alpha Global Fund	$	605.39
(w) Nicholas-Applegate Aurelia.	$	129.60
BANK JULIUS BAER & CO. Ltd.		
(d) Baerbond	SF	958.00
(d) Conbar	SF	1808.00
(d) Equibaer America	$	1644.00
(d) Equibaer Europe	SF	1555.00*
(d) Equibaer Pacific	SF	1622.00*
(d) Stockbar	SF	2210.00*
(d) SFR-BAER	SF	976.00*
(d) Swissbar	SF	2456.00*
BAII MULTICURRENCY		
(r) Multicurrency US$	$	1,280.78
(r) Multicurrency Ecu	ECU	1,149.83
(r) Multicurrency Yen	Y	244,003.00
(r) Multicurrency FFR	FF	11,374.84
BNP INTERFUNDS		
(w) Interbond Fund	$	187.10
(w) Intercurrency US$	$	10.66
(w) Intercurrency DM	DM	30.27
(w) Intercurrency Sterling	£	10.43
(w) Intercurrency Managed	$	10.47
(w) Interequity French Offer	$	13.81
(w) Interequity Pacific Offer	$	18.36
(w) Interequity N. Amer. Offer	$	12.40
(w) Interequity European Class	$	8.88
(w) Interequity Australia Cls	$	9.48
(w) Interlux Capital Belgian	LF	56,961.00
(w) Interlux Cap.Fr Securite	FF	11,331.21
(w) Interlux Capital FFr	FF	13,239.42
(w) Interlux Cap.France Cap.	FF	11,023.55
(w) Interlux Cap. LUF/BEF	LF	148,248.00
(w) Interlux Capital ECU	ECU	1,259.27
BANQUE BELGE ASSET MGMT FUND		
Share Distributor Guernesey 0481 26614		
(w) Int'l Equity Fund (Sicav)	$	11.03
(w) Int'l Bond Fund (Sicav)	$	9.64
BANQUE INDOSUEZ		
(w) Asian Growth Fund	$	28.75
(w) Asian Income Fund	$	9.18*
(w) Diverbond	SF	84.95
(w) FIF-Internat. Div.A	$	17.41
(w) FIF-Internat. Div.B	$	18.10
(w) FIF Internat.America	$	15.78
(w) FIF Internat.Pacific	$	41.65
(w) FIF Internat.Europe	$	26.53
(w) FIF Internat.Japan	Y	1,201.00
(w) FIF Int. Nat. Res. A	$	10.73
(w) FIF Int. Nat. Res. B	$	10.73
(w) France Blue chips No 1	FF	116,770.00
(w) Indosuez Multibonds Div.A	$	131.26
(w) Indosuez Multibonds Div.B	$	275.31
(w) France International	FF	101.09
(w) Indosuez Multibonds US$	$	109.01
(w) Indosuez Multibonds YEN	Y	9,887.00
(w) Indosuez Multibonds DM	$	103.19
(w) IPNA-3	$	1120.00
(w) Malacca Fund	$	10.64
(w) The Siam Fund	$	16.49
(w) Pacific Gold Fund	$	12.11
BANQUE PRIVEE E. DE ROTHSCHILD		
(w) Daiwa Ltd Equity	$	999.26
(w) Daiwa Lcf Int. Bond	$	1079.43
(w) Ecu D'Or	ECU	98.32
(w) Hispano Int'l Fund	ECU	10.05
(b) Pri-Tech	$	1148.07
(w) Source Skav	$	10.93
BANQUE E. DE ROTHSCHILD LUX. SA		
(b) Curafor BP Fixed Inc.Fund	DM	125.67
(b) Curafor BP General Fund	DM	150.03
(b) Eagle Fund	LF	10450.00
(d) Europe Japan Fund	$	9.83
(b) Governm. Sec. Funds	$	74.43
(w) Lelcom	$	2475.10
(b) Opportunities Fund	$	806.04
(b) Prifrist	$	505.19
(b) Primo fund	DM	48.80
(w) Rente Plus	BF	59806.00
(f) Select. Horizon Dev.	FF	52753.61
(r) Select. Horizon FF	FF	56026.22
(b) Star Conv.Fund FL	FL	9769.08
(b) Star Conv.Fund USD	$	97.88
BANQUE SCANDINAVE EN SUISSE-GENEVA		
(w) BSS Bond Fund	SF	80.72*
(w) BSS Intelsec.	SF	1854.95
(w) BSS Int'l Bond	$	1.185*
(w) BSS Int'l Equity	$	2.10*
B.F.C.M.		
(w) Ecu Multiplacement	ECU	1153.10
BROADGATE INTERNATIONAL FUND		
(d) $ Money Market	$	12.27
(d) Non-$ Money Market	DM	29.98
(d) $ Bond	$	12.92
(d) Non-$ Bond	DM	31.17
(w) Global Equity	$	15.44
(w) Global Bond	$	12.93
(w) Global Bond & Equity	$	13.50
(w) Prec. Mets/Min. Secs	$	6.34
B.W. MANAGED ASSETS CY. SICAV		
(f) Global Bond Fund	ECU	10.97
(f) European Securities Fund	ECU	12.65
(f) French Securities Fund	FF	121.74
(f) North American Secu.Fund	$	10.98
(f) Pacific Basin Secu. Fund	$	8.98
CAISSE CENTRALE DES BANQUES POP.		
(d) Fructilux-Obl.FSES	FF	5,621.81
(d) Fructilux-Obl.Euro	ECU	1,045.39
(d) Fructilux-Act.Fses	FF	7,213.04
(d) Fructilux-Act.Euro	ECU	1,195.74
(d) Fructilux-Tresorier	FF	5,618.29
CALLANDER		
(w) Callander Emer. Gr.	$	115.04
(w) Callander Fund-Asset	$	106.18
(w) Callander Fund-Span.	Ptas	10.597
CAPITAL INTERNATIONAL		
(w) Capital Int'l Fund	$	87.61*
(w) Capital Italia SA	$	33.11
CDC INTERNATIONAL		
(w) CFI Court Terme	FF	114680.20
(w) CFI Long Terme	FF	1133753.96
CIC GROUP		
(d) Oblicic Monetaire	FF	11191.81
(d) Oblicic Court Terme	FF	11537.90
CITICORP INVESTMENT BANK (Lux.)		
POB 1373 Luxembourg Tel. 477.95.71		
(d) Citicur USD Portofolios	$	1276.30
(d) Citinvest Ecu Income	ECU	1293.27
(d) Citinvest Manag. Growth	$	1138.82
(d) Citi.Mana.Growth Euro	ECU	1033.48
(d) Citinvest Profit Sharing	$	5
(d) Citinvest Selector	$	844.91
(d) Citinvest Guardian $	$	1034.99
(d) Citinvest Guard. Euro	ECU	1067.56
(d) Citiport N.A Equity	$	134.69
(d) Citiport Jap. Equity	Yen	10735.00
(d) Citiport UK Equity	£	115.12
(d) Citiport S.Asian Eq.	$	116.99
(d) Citiport Cont.Euro. Eq.	ECU	128.58
(d) Citiport N.A.$ Bond	$	109.13
(d) Citiport Euro Bond	ECU	101.67
(d) Citiport AS.Pac.Bd.	YEN	10533.00
CITITRUST		
(w) US. $ Equities	$	213.87259
(w) US. $ Bonds	$	11.84086
(w) US. $ Money Market	$	12.22863
(w) Global Equities	$	9.21000
(w) Global Money Market	$	11.26000
(w) Global Bonds	$	11.20000
CCF - GAMMA		
(w) CM Inv.Ser.Fds-Actibonds	$	35.32
(w) CM Inv.Ser.Fds-Glbl.Grth	$	10.87
(w) CM North Amer Grth	$	9.09
(w) Elysees Court Terme	FF	57,563.65
(w) Elysees Long Terme	FF	54,148.99
(w) Elysees Monetaire	FF	58,489.01
(w) Elysees Multibonds Funds	£	106.74
(w) EMF D-Mark (A&B)	DM	1,008.36
(w) EMF Ecu (A & B)	ECU	1,023.72
(w) EMF US Dollar (A & B)	$	1,072.58
(w) EMF Yen (A & B)	YEN	100,106.00
(d) Europe Prestige Fund A	ECU	10.43
(d) Europe Prestige Fund B	ECU	10.95
(d) European Smlr Cos. Fd.A	ecu	13.27
(d) European Smlr Comp.Fd.B	ecu	13.27
CODEVALOR SICAV		
(w) C.Rendement Fr.Suisse	SF	1868.72
(w) C.Rendement US$	$	1405.60
(w) C.Croissance Dollar	$	1462.22
(w) C.Croissance Zone Sterling	£	976.37
COMPASS INTL HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
(w) Bond: Dollar Medium Term	$	10.92
(w) Bond: Ecu Multicurrency.	ECU	10.27
(w) Equity: United Kingdom	£	11.32
CREDIT SUISSE (ISSUE PRICES)		
(d) CSF Bonds	SF	81.25
(d) Bond Valor Swf	SF	103.25
(d) Bond Valor US-DOLLAR	$	123.01
(d) Bond Valor D-mark	DM	111.95
(d) Bond Valor Yen	Y	10,932.00
(d) Bond Valor £ Sterling	£	99.47
(d) Convert Valor Swf	SF	155.70
(d) Convert Valor US-DOLLR	$	171.45
(d) CSF International	SF	138.00
(d) Actions Suisses	SF	578.50
(d) Europa-Valor	SF	216.25
(d) Energie-Valor	SF	163.25
(d) Canasec	SF	678.00
(d) Ussec	SF	804.00
(d) Pacific-Valor	SF	231.00
(d) CS Gold Valor	$	142.25
(d) CS Ecu Bond A	ECU	101.28
(d) CS Ecu Bond B	ECU	116.03
(d) CS Europa Bond 'A'	DM	247.28
(d) CS Europa Bond 'B'	DM	247.28
(d) CS Gulden Bond A	FL	99.12
(d) CS Gulden Bond B	FL	110.24
(d) CS Prime Bond 'A'	DM	97.08
(d) CS Prime Bond 'B'	DM	102.59
(d) CS Short-T. Bd DM A	DM	99.74
(d) CS Short-T. Bd DM B	DM	110.13
(d) CS Short-T. Bd $ A	$	100.10
(d) CS Short-T. Bd $ B	$	113.25
(d) CS Money Market Fund	$	1395.49
(d) CS Money Market Fund	DM	1215.93
(d) CS Money Market Fund	£	1459.25
(d) CS Money Market Fd Yen	Y	114,739.00
DIT INVESTMENT FFM		
+(d) Concentra	DM	39.99
+(d) Int'l Rentenfond	DM	81.56
DREXEL BURNHAM LAMBERT INC		
Winchester House, 77 London Wall		
LONDON EC2 (01 9209797)		
(w) Finsbury Group Ltd	$	164.76
(w) Winchester Capital	$	106.22
(w) Winchester Holdings	FF	141.34
(w) Winchester Holdings	£	14.74
(w) Winc.Holdings Ltd.E.B.S	ECU	1145.42
(w) Winc.Reserves.E.B.S	ECU	1099.60
(w) Winc.Reserv.MultiGvBd.	ECU	11.28
(w) Worldwide Securities	$	33.62
(w) Worldwide Special	$	768.06
(m) Winch Fut.Diversified	$	18.38
(m) Winch Fut.Orion Series	$	21.61
(m) Winchester Frontier	$	176.22
(m) Winchester Recovery Ltd	$	91.50
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(d) Short Term 'A' (Accum)	$	1.1133
(d) Short Term 'A' (Distr)	$	0.7233
(d) Short Term 'B' (Accum)	$	1.3031
(d) Short Term 'B' (Distr)	$	0.9287
(w) Long Term	$	29.3008
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(d) ESP	$	155.11
(d) EMR	$	99.97
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(w) Elders Int Bid SF 103.50 Offer	SF	109.75
(w) Elders Aus Bid A$ 89.50 Offer	A$	94.75
EQUIFLEX LIMITED		
(w) Europe A	FL	11.28
(w) Global A	FL	12.43
(w) North America A	FL	11.36
(w) UK Equities	£	10.49
(w) UK Small Co.	£	10.54
EURO PACIFIC ADVISERS Ltd.		
(w) Comete	$	762.38
(w) Meleore	Y	119,944.00
(w) Pacific Horizon Invt. Fd	$	1679.12
F&C MGMT. LTD. INV. ADVISERS		
1, Laurence Pounty Hill, EC4. 01-623-4680		
(w) F&C Atlantic	$	20.16
(w) F&C European	$	34.67
(w) F&C Oriental	$	79.81
(w) F&C N. American M C Fd	$	9.52
(w) F&C Nordic Fund	$	11.44
FIDELITY INT'L INV. MGMT (LUX.) S.A.		
(d) New Europe Fund	$	9.47
(d) Fidelity Conv. Sec. Port.	$	9.35
FIDELITY POB 670, Hamilton Bermuda		
(m) Fid. Amer. Vol.II Com.	$	111.15
(m) Fid. Amr.Vol.II Cum.Prel.	$	101.75
(m) Fid. Amer. Vol.III Com.	$	58.22
(m) Fid. Amr.Vol.III Cum Pref.	$	101.90
(d) Fidelity Amer. Assets	$	125.91*
(d) Fidelity Australia Fund	$	15.28
(d) Fidelity Dir. Svgs.Tr.	$	162.17
(d) Fidelity Pacific Fund	$	283.57
FIDELITY INT'L SERVICE (LUX.)		
(d) Balanced Portfolio-hedged	$	10.43
(d) Balanced Portfolio-unhedg.	$	11.22
(d) Fidelity Discovery Fund	$	17.41
(d) Fidelity Far East Fund	$	57.95
(d) Fidelity Frontier Fund	$	21.70*
(d) Fidelity Global Ind. Fd	$	12.06
(d) Fidelity Global Selct Fd	$	11.55
(d) Fidelity Int'l. Fund	$	12.88
(d) Fidelity Orient Fund	$	85.91
(d) Fidelity Spcl. Growth Fd.	$	30.75*
(d) Fidelity World Fund	$	67.35
FIDELITY INT'L (CI) LTD.		
FIDELITY PERFORM PORTFOLIOS LTD.		
(d) American Portfolio	$	1.01*
(d) European Portfolio	$	1.44*
(d) Japan Portfolio	$	1.26*
(d) South East Asian Portfolio	$	0.85*
(d) U.K. Portfolio	$	1.04*
(d) Intl. Bond Portfolio	$	0.93*
(d) Sterling Liquidity Ptfl.	£	10.06*
(d) Dollar Liquidity Portfolio	$	10.04*
Finafutures (BVI) Ltd		
(d) Portofolio Fund-series 1.	$	1.0786
FOKUS BANK A.S. 472 428 555		
(w) Scanfonds Int'l growth fd	$	1.54
FORBES PO B887 GRAND CAYMAN		
London Agent 01-839-3013		
(w) Forbes High Inc. Gilt Fd	£	46.90
(w) Gold Income	$	4.13
(w) Gold Appreciation	$	3.89
GAIA CURRENCY HEDGE FUNDS		
(w) Gaia Hedge I $ 90.35* Red	$	89.53
(w) Gaia Hedge II $ 135.23* Red	$	131.12
GAM AILLEFONDS AG.		
POB 166, 8034 Zurich Tel.41-1-2516640		
(w) GAM (CH) America	SF	1236.00
(w) GAM (CH) Mondial	SF	1326.00
(w) GAM (CH) Pacific	SF	1529.00
GARTMORE FUND MANAGERS INT.		
45,La Motte Street, JERSEY 0534 27301		
CAPITAL STRATEGY FD. LTD.		
(d) Sterling Deposit	£	1.003
(d) US$ Deposit	$	1.023
(d) DM Deposit	DM	5.068
(d) Yen Deposit	Y	504.20
(d) Sw. Fr. Deposit	SF	5.070
(d) Austr.Dollar Dep. fd	A$	1.040
(d) French Franc Deposit fd	FF	10.19
(d) N. American	$	1.59
(d) Japan	Y	661.80
(d) Pacific Basin	$	309.80
(d) International growth	$	2.74
(d) British	£	2.12
(d) Sterling Gilt	£	1.04
(d) International Bond	$	1.16
(d) Yen Convertible bond	Y	2952.00
(d) European Fund	DM	5.42
(d) E.C.U. Fund	ECU	0.97
(d) Australasian fund	$	0.32
(d) Canadian fund	Can$	0.90
(d) Emerging Markets Fund	$	1.19
(d) Global Resources Fund	$	0.75
GEFINOR FUNDS		
London: 01-4994171, Geneva: 41-22355530		
(w) East Investment Fund	$	939.32
(w) Scottish World Fund	£	203.9663
(w) State St. American	$	291.63
GENERALE BANK		
(see also Interselex Group)		
(d) Rentinvest	$	25.19*
(d) Capital Rentinvest	$	109.03
(d) Rentinbel Distr.	LF	9,994.00*
(d) Rentinbel Cap.	LF	10,512.00
GLOBAL ASSET MANAGEMENT CORP.		
11 Athol St.Douglas,I. of Man,44-624-26037		
(w) Futurgam S.A.	$	182.38
(w) GAM Arbitrage Inc	$	241.09
(w) GAMerica Inc	$	241.44
(w) GAM Australia Inc	$	135.65
(w) GAM Asean Inc	$	125.45*
(w) GAM Boston Inc	$	178.72
(w) GAM Ermitage	$	26.95
(w) GAM European Inc.	$	103.99
(w) GAM Franc-Val Inc.	SF	243.04
(w) GAM France Inc	FF	1379.65
(w) GAM Global Fund	$	111.30
(w) GAM High Yield Inc.	$	109.10
(w) GAM Hong Kong Inc.	$	168.56*
(w) GAM International Inc.	$	143.69
(w) GAM Japan Inc.	$	376.03
(w) GAM Money Mkts. Fund	$	104.61*
(w) GAM Money Mkts. Fund	£	106.01*
(w) GAM Money Mkts. Fund	SF	102.46
(w) GAM Money Mkts. Fund	DM	103.44*
(w) GAM Money Mkts. Fund	Y	10,166.08*
(w) GAM Pacific Basin Fund	$	108.73
(w) GAM Pacific Inc	$	412.19
(w) GAM Restr. Fd. Inc.	$	164.80*
(w) GAM Singapore/Malay Inc.	$	167.42
(w) GAM Swiss Fr Spec Bond Fd	SF	101.80
(w) GAM Value Inc.	$	105.79
(w) GAM Worldwide Inc	$	407.03
(w) GAM Tyche S.A. Class A	$	178.98
(w) GAM U.S. Inc.	$	145.46
(w) GAM Whitehorn Fund Inc.	$	129.84
(w) GAM ut Inc.	$	248.23
(w) GSAM Composite Inc.	$	208.10*
(w) GSAM Int. Inc. U.S Ord.	$	115.72*
(w) GSAM Int. Inc.U.S Spe.	$	122.96*
(w) GSAM Interest Inc.	SF	101.01*
(w) GSAM Interest Inc.	£	102.13*
(w) GSAM Interest Inc.	DM	96.32
(w) GSAM Interest Inc.	Y	11,989.00*
G.T. MANAGEMENT PLC		
(r) G.T. Applied Science	$	14.53
(d) G.T. ASEAN Fund	$	39.66
(d) G.T. Asia Fund	$	11.96*
(d) G.T. Australia Fund	$	27.99*
(d) G.T. Berry Japan Fund	$	31.39*
(d) G.T.Biotechn./Health Fund	$	8.75
(d) G.T. Bond Fund	$	16.26*
(d) G.T. Britain Fund	£	7.90
(d) G.T. Deutschland Fund	$	10.40
(d) G.T. Dollar Fund	$	20.28*
(d) G.T. Europe Fund	$	28.25
(w) G.T. Euro. Small Cos. Fund	$	29.12
(w) G.T.Global Small Cos.Fund	$	11.75
(d) G.T.Global Technology Fd	$	17.47*
(d) G.T. Hong Kong Fund	$	20.68*
(d) G.T. Honshu Pathfinder	$	8.93
(d) G.T. Investment Fund	$	10.34
(d) G.T. Japan Sml Co.Fd	$	10.16*
(d) G.T. Nat Res. Fd Gold Class	$	5.94
(d) G.T. Newly Ind. Countr. Fd	$	27.62
(d) G.T. Select Dollar Bd Pfl	$	9.47
(d) G.T. Select Intl Bd Pfl.	£	10.22*
(d) G.T. Select Gilt Pfl.	£	8.58*
(r) G.T. Technology Fund	$	32.87
(d) G.T. U.K. Small Companies	£	9.88
(d) G.T. Univ.Growth Fund	$	9.82
(w) G.T. U.S. Small Companies	$	12.36
HILL SAMUEL INVEST. MGMT. INTL. S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
(d) Crossbow (Far East)	SF	17.51
(d) CSF (Balanced)	SF	38.32
(d) European Equity Fund	DM	17.44
(d) Intnl. Bond Fund	$	12.85
(d) Int. Currency U.S.Manag'd	$	24.98
(d) ITF Fd (Technology)	$	19.40
(d) O'Seas Fd (N. AMERICA)	$	47.91
(d) Int. Currency U.S.	$	32.31
IAM, 2 Bd. Royal LUXEMBOURG		
(d) Iam Flagship Fund	ECU	87.44
(w) Iam Bonds Fund-France	FF	549.47
(w) Iam Bonds Fund-Deutschl	DM	212.04
(w) Iam Bonds Fund-Japan	Y	10,973.00
(w) Iam Bonds Fund-Switz.	FS	207.02
(w) Iam Bonds Fund-U.S.A	$	108.84
(w) Iam Bonds Fund-Europe	ECU	111.68
(w) Iam Bonds Fund-Netherl.	FL	212.66
(w) Iam Europe global	ECU	99.14
(w) Iam Europe luxe	ECU	98.78
(w) Iam Europe 90/10	ECU	99.57
(w) Iam Europe 1992	ECU	99.80
(w) Iam Europe du Sud	ECU	100.45
INTERSELEX GROUP		
(d) Int.America Fund	$	15.93
(d) Int.Belgo Fund	LF	3216.00
(d) Int.Europa Sicav	LF	6415.00
(d) Int.Pacific Fund	$	1174.69*
(d) Int.World Fund	$	90.76*
ISLAMIC MGMT FUND LTD.	$	969.16
CSFB Fund Mgmt Ltd (0481-7139961)		
PB122 St. Peter Port,Guernsey		
JARDINE FLEMING, GPO Box 11448 Hg Kg		
(d) J.F Japan Trust	Y	15,496.00
(d) J.F Pacific Sec. Trust	$	24.70
(d) J.F Pacific Income Trust	$	78.09
(d) J.F Hong Kong Trust	$	53.51
(d) J.F European	$	9.56
(d) J.F International	$	12.98
(d) J.F Gilt Convertibles Trust	$	10.54
LLOYDS BANK PLC, POB 438, Geneva 11		
Mrs. C. Berfelett,(22) 208611/ext. 2222.		
+(w) Lloyds Int'l Dollar	$	111.40
+(w) Lloyds Int'l Europe	SF	181.60
+(w) Lloyds Int'l Growth	SF	233.10
+(w) Lloyds Int'l Income	SF	284.50
+(w) Lloyds Int'l N. America	$	152.05*
+(w) Lloyds Int'l Pacific	SF	242.80
+(w) Lloyds Int'l. Smaller Cos	$	17.57
MAN INTERNATIONAL FUTURES		
(m) Alubot Mint Gtd.Fund.Ltd.	$	N/C
(m) Mint Limited - Ordinary	$	41.25
(m) Mint Limited - Income	$	15.31
(m) Mint Gtd Ltd - Spec Issue	$	21.67
(m) Mint Gtd Ltd - Series A	$	28.01
(m) Mint Gtd Ltd - Nov 1993	$	19.20
(m) Mint Gtd Ltd - Jan 1994	$	15.40
(m) Mint Gtd Ltd - Dec 1994	$	13.43
(m) Mint Gtd Ltd - Aug 1995	$	10.90
(m) Fame Mint Gtd Plc	$	118.97
(m) Mint Sp Res Ltd (BNP)	$	106.75
(m) Newcastle Guaranteed Ltd	$	11.29
MAGNUM FUTURES FUND LTD.		
(m) Sterling Class	$	4.91
(m) U.S Dollar Class	$	9.79
MERRILL LYNCH		
(d) Dollar Assets Portfolio	$	1.00
(d) First Convertible Sec. Fd	$	11.56
(d) Global equity Portfolio	$	9.56
(d) Iberia portfolio	$	10.29
(d) Multi-Curr. Bond Portfolio	$	12.55
(d) U.S.A Income Portfolio	$	9.29
(d) US Federal Securities	$	9.76
(d) World Nat Res Pfl. Share A	$	10.22
(d) World Nat Res Pfl. Share B	$	10.19
GLOBAL CURRENCY PORTFOLIOS		
(d) Australian Dollar Pfl.	$	10.32
(d) Deutschmark Portfolio	DM	10.11
(d) Pound Sterling Portfolio	£	10.16
(d) US Dollar Portfolio	$	10.53
(d) Yen Portfolio	Y	1007.00
MIM BRITANNIA,POB 271, St. Helier, Jersey		
(d) Int.High Income	$	2.461
(d) Dollar Man.Curr	$	14.16
(d) Dollar Man. Port	$	2.050*
(d) Sterling Man.Port	£	1.837*
(d) Pioneer Markets	£	2.848*
(d) U.K. Growth	£	1.060
(d) Amer. Inc. & Growth	$	1.401
(d) Gold & Prec. Metals	$	8.918
(d) Sterling Man. Curr.	£	18.02
(d) Japan Dollar Perf. Fd	$	3.7940
(d) Jersey Gilt	£	1.820*
(d) Okasan Global Strat	$	15.74
(d) Asia Super Growth Fund	$	11.56
NIMARBEN		
(w) Class A	$	142.12
NMB BANK,PO 1800,1000 BV Amsterdam.		
(w) The Brazil Fund	$	3.49
(w) NMB Dutch Fund	FL	37.00
OBLIFLEX LIMITED		
(w) Multicurrency	$	20.14
(w) Dollar Medium Term	$	16.01
(w) Dollar Long Term	$	15.45
(w) Japanese Yen	$	25.07
(w) Pound Sterling	£	14.96
(w) Deutsche Mark	DM	12.77
(w) Dutch Florin	FL	12.81
(w) Dutch Florin Multi.	FL	10.50
(w) Swiss Franc	SF	10.86
(w) Swiss Multicurrency	SF	12.52
(w) European Currency	ECU	13.87
(w) Convertibles	$	10.67
(w) Swiss Multi-dividend	SF	10.61
NOMURA INVEST BANKING (M.E) E.C.		
(d) Nomura Gulf Fund	$	9.77
PARIBAS-GROUP		
(d) Belux Fund	LF	10,829.00
(d) Cortexa International	$	130.36
(d) Ecupar	ECU	1,353.43
(d) Far East Growth Fund	$	138.33
(d) Luxor	$	8.50
(d) Moneyflow	$	10,082.00
(d) Pareurope Growth	$	19.57
(d) Parinter Fund	$	213.64
(d) Par US Treas. Bond 'Cl. B'	$	147.56
(d) Europhenix	FF	1,325.82
(d) Parinter Bond Fund	$	12.80
(d) Paribas-Rente 'A'	LF	1,318.00
(d) Paribas-Rente 'B'	LF	1,411.00
(d) Obli-Franc	FF	1,196.50
(w) Obli-DM 'A'	DM	1,149.41
(w) Obli-DM 'B'	DM	1,283.23
(w) Obligestion	SF	90.40
(w) Obli-Dollar 'A'	$	1,192.75
(w) Obli-Dollar 'B'	$	1,270.38
(w) Obli-Yen 'A'	Y	108,390.00
(w) Obli-Yen 'B'	Y	114,425.00
(w) Obli-Gulden 'A'	FL	1,046.05
(w) Obli-Gulden 'B'	FL	1,105.93
(w) Parsuisse	SF	1,464.00
(w) Parjapan	Y	3,436.00
PERMAL GROUP		
(m) Drakkar Growth	$	2021.97
(m) Noscal Ltd	$	1280.32
(m) Select Equities Ltd	$	938.80
(m) Special Opportunities Ltd	$	1603.15
(m) Updyke Ltd	$	263.07
(m) Value N.V.	$	2060.55
PIERSON,HELDRING & PIERSON N.V.		
POB 243,1000 AE Amsterdam (20-211188)		
(w) Asia Pac. Growth Fd N.V.	$	35.84
(w) DP Amer. Growth Fd N.V.	$	25.70
(w) DP Energy Resources	$	37.74
(w) Europe Growth Fund N.V.	FL	57.00
(w) Japan Diversified Fund	$	52.75
(w) Leveraged Cap Hold	$	331.16
(w) Tokyo Pac. Hold. N.V.	$	239.21
PUTNAM		
(d) Emerging Hlth Sc. Trust	$	15.64
(w) Putnam Em. Info. Sc. Tr	$	13.25
(d) Putnam Int'l Fund	$	10.17
ROBECO GROUP		
POB 973, Rotterdam (10-4650711)		
(d) Robeco	FL	106.60
(d) Rolinco	FL	104.90
(d) Rorento	FL	61.80
(d) Rodamco	FL	165.40
ROTHSCHILD AST.MGT.		
(w) Tokyo Pac. Hold. (Sea)	$	174.55
ROYAL B. CANADA,POB 246,GUERNSEY		
+(w) RBC British Fund Ltd.	£	5.86*
+(w) RBC Canadian Fund Ltd	C$	14.92*
+(w) RBC European Fund	$	11.59
+(w) RBC Far East&Pacific Fd	$	35.57
+(w) RBC Int'l Capital Fd	$	51.19
+(w) RBC Int'l Bond Fund Ltd.	$	12.08
+(d) RBC Man.Currency Fd	$	38.39
+(w) RBC North Amer. Fd	$	15.31
ROYAL TRUST ASSETMIX FUND		
Lux.Tel: (352) 489061		
EQUITY FUNDS		
(d) Alpha UK	£	1.14
(d) Alpha US$	$	1.25
(d) Alpha Worldwide	SF	5.54
(d) Alpha Japanese	Y	1025.00
(d) Alpha Pacific Rim	$	1.04
(d) Alpha European	ECU	1.10
(d) Gold Share	$	0.94
BOND FUNDS		
(d) Sterling Pound	£	98.03
(d) US$ Bond	US$	109.20
(d) Deutschmark Bond	DM	50.58
(d) Alpha Worldwide	SF	56.10
RESERVE FUNDS		
(d) Sterling Reserve	£	10.650
(d) US$ Reserve	$	10.387
(d) Deutschmark Reserve	DM	10.254
SHEARSON LEHMAN HUTTON		
(d) Oporto Growth Fund	$	10.75
(d) Offshore Multiple Opps.	$	10.32
OFFSHORE PORTFOLIOS (OP)		
(d) OP Global balanced	$	10.26
(d) OP Precious Metals	$	8.43
(d) OP Global Bond	$	9.86
(d) OP US Share	$	11.22
(d) OP Global Equity	$	11.14
(d) OP Pacific Equity	$	10.11
(d) OP Euro Equity	$	11.50
(d) OP US Govt Securities	$	10.44
(d) OP Global Money Market	$	9.60
(d) OP US Money Market	$	10.00
INTERNATIONAL PORTOFOLIOS (IP)		
(d) IP Global Balanced	$	10.80
(d) IP Precious Metals	$	8.83
(d) IP Global Bond	$	10.27
(d) IP US Share	$	11.73
(d) IP Global Equity	$	11.37
(d) IP Pacific Equity	$	10.58
(d) IP Euro Equity	$	11.63
(d) IP US Govt-securities	$	11.05
OFFSHORE SHORT-TERM INVEST. (OSI)		
(d) OSI Deutsche Mark	$	8.22
(d) OSI Japanese Yen	$	8.24
(d) OSI Pound Sterling	$	8.23
(d) OSI US Dollar	$	1.00
(d) OSI Managed Currency	$	10.52
(d) OSI Canadian Dollar	$	18.33
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
(w) Equity Intl Acc	$	10.51
(w) Equity Intl Inc	$	9.82
(d) Equity Global	$	0.97
(w) Equity Far East	$	1.65
(w) Equity Gold	$	0.83
(w) Equity Japan	Y	118.00
(d) Equity Nordic	$	1.07
(d) Equity U.K.	£	1.09
(d) Equity Continental Europe	$	7.00
(d) Equity Mediterranean	$	1.00
(d) Equity North America	$	1.09
(w) Bond Intl Acc	$	7.33
(w) Bond Intl Inc	$	6.12
(w) High Income Acc	$	0.95
(w) High Income Inc	$	0.88
(d) DEM	DM	0.98
(w) Multicurrency	$	1.8094
(d) FRF	FF	1.02
SOCIETE GENERALE GROUP		
(w) Sogelux Fund		
(w) Sogelux Bonds A	$	11.43
(w) Sogelux Bonds B	DM	21.59
(w) Sogelux Bonds C	FF	85.03
(w) Sogelux Bonds D	SF	20.00
(w) Sogelux Bonds E	£	7.92
(w) Sogelux Bonds F	Y	1632.00
(w) Sogelux Bonds G	ECU	11.38
(w) Sogelux Bonds H	$	10.96
(w) Sogelux Bonds J	BF	544.00
(w) Sogelux Equities K	$	11.40
(w) Sogelux Equities L	ECU	11.55
(w) Sogelux Equities M	YEN	1570.00
(w) Sogelux Equities P	$	9.93
(w) Sogelux Equities Q	$	9.65
(w) Sogelux Equities R	$	10.91
(w) Sogelux Short Term S	FF	109.84
(w) Sogelux Short Term T	ECU	10.75
SODITIC ASSET MANAGEMENT INC.		
(w) SAM Diversified Inc.	$	101.92
SVENSKA HANDELSBANKEN S.A.		
146 bd de la Petrusse,L-2330 Luxembourg		
(b) SHB Bond Fund	$	42.47
(w) Svenska Select.Fd Intl Sh.	$	48.22
(w) Svenska Select.Fd America Sh	$	10.94
(w) Svenska Select.Fd Asia Shares	$	8.75
SWISS BANK CORP. (ISSUE PRICES)		
(d) AmericoValor	SF	503.50*
(d) AngloValor	£	181.83*
(d) Asia Portfolio	SF	586.99
(d) Convert Bond Selection	SF	99.21
(d) Dollar Bond Selection	$	125.21*
(d) D-Mark Bond Selection	DM	116.57*
(d) Ecu Bond Selection	ECU	101.18*
(d) Florin Bond Selection	FL	118.57*
(d) FranceValor	FF	1737.69*
(d) GermaniaValor	DM	477.85*
(d) Gold Portfolio	SF	519.64
(d) ItalValor	Lit	481,473.00*
(d) Japan Portfolio	SF	390.75*
(d) SBC US$ MMF	$	5620.73
(d) SBC 100 Index Fund	SF	1142.00
(d) Sterling Bond Selection	£	104.42*
(d) Swiss Foreign Bond Selec	SF	106.11*
(d) Swissvalor	SF	392.00*
(d) Universal Bond Select.	SF	81.00*
(d) UniversalFund	SF	129.24*
(d) Yen Bond Selection	Y	11,777.00
THORNTON MANAGEMENT LTD.		
(d) Thornton Int opps.fund	$	1.97
(d) Pacific Invt. Fd. S.A.	£	10.10
(d) Pac.Invt. Warrants Fd S.A	£	5.10
(d) Thornton Kangaroo Fd Ltd.	$	10.25
(d) Thornton European Fund	$	5.93
(d) Thornton HK & China	$	9.83
(d) Thornton Japan Fund Ltd	$	23.54
(d) Thornton Orient Inc. Fd Ltd	$	18.45
(w) Thornton Phil. Redev Fd	$	37.30
(d) Thornton Tiger Fund Ltd	$	25.55
(d) Thor.Pacific Tech.Fd Ltd	$	12.14
(d) Thor.Litl. Dragons Fd Ltd	$	16.68
(d) Thor.Golden Opport.Fd	$	6.65
(d) Eastern Crusader Fund	$	7.62
(w) The Global Access Fund	$	9.69
T. Rowe Price Associates Inc.		
(m) T. Rowe Price Frontier Ltd.	$	10.51
TYNDALL INT'L GUERNSEY LTD		
Tel.0481 27963		
(d) Amer Spec Sits	$	43.88
(d) Eurobond	$	26.99
(d) Mortgage	C$	12.98
(d) Overseas	$	25.83
(d) Tiger	$	35.69
(d) High Yield Bond	£	68.20*
(d) Marunouchi	£	70.00
(d) Far Eastern	£	554.90
(d) Gilt	£	482.20
(d) Mad Currency-Dollar	$	1.381
(d) Mad Currency-Stlg	£	105.300
(d) 1992	£	258.300
(d) Wall Street	£	263.500
(d) Hi Inc Gilt & Bulldog	£	100.700
UEBERSEEBANK, ZURICH		
(d) B-FUND	SF	984.95
(d) M-FUND	SF	1083.95
(d) M-Distribution	SF	102.91
(d) UBZ Euro-Income Fund	SF	10.18
UNION BANK OF SWITZERLAND		
(d) Bond-Invest	SF	64.25*
(d) Brit-Invest Shares	SF	768.00
(d) D-Mark-Invest Bds	DM	211.70
(d) Dollar-Invest Bds	SF	115.01
(d) ESPAC Spanish sh	SF	220.00*
(d) Eurit	SF	325.00
(d) Fonsa Swiss Sh.	SF	206.50
(d) Francit Shares.	SF	213.50
(d) Germac Shares.	SF	204.50
(d) Globinvest Shares.	SF	114.50
(d) Gold Invest Shares.	SF	251.50
(d) Holland-Invest Sh.	SF	237.00
(d) Itac Shares	SF	217.50
(d) Japan-Invest Sh.	SF	1584.50
(d) Sima (stock price)	SF	234.50*
(d) Skandinavien-Invest	SF	276.50
(d) UBS Money Mkt Inv.	$	5245.41
(d) Yen-Invest Bonds.	SF	1056.00
UNION INVESTMENT Frankfurt		
(d) Unirenta	DM	41.40
(d) Unifonds	DM	31.20
(d) Unirak	DM	78.25
(d) Unizins	DM	113.10
THE UNIVERSAL GROUP OF FUNDS		
(m) Concoo Gtd-Mortgage Fd.	C$	12.51
(d) Univers Sav Amer	C$	10.17
(d) Univers Sav Equity	C$	12.45
(d) Univers Sav Global	C$	5.12
(d) Univers Sav Pacific	C$	8.19
(d) Univers Sav Nat. Res	C$	6.14
VHOYTEMA & CHAUSSEE Brussels 5118933		
(m) vH&C Managed Fut. Index	$	187
Other Funds		
(b) Abacus Guart.Fd.Mar.'94	$	10.5275
(r) Actigroissance	$	502.66
(d) Actifinance Intl	$	815.62
(w) Actigestion	FF	1105.18
(w) Activest Intl	$	22.14
(d) Amvabel	FL	98.80
(w) Aquila International Fund	$	237.85
(b) Ariane	$	3,256.75
(m) Atlantic Fund	$	105.26
(d) Atlas Fund	SF	124.13
(r) Australia Fund	$	13.96
(d) Sahomas Superfund	$	1144.00
(b) Blao Manad Bond Fund	$	180.39
(d) Berg Norcen Sicav	$	137.11
(d) Berg Trust Sicav	$	116.86
(w) Bergen Int'l Fund.	$	10.90
(d) Bever Beleggingen++	$	25.50
(m) Bonor Currency & Int.	$	87.20
(w) Bondselex-Issue Pr.	SF	119.15
(m) J Capel guaranteed Fund	$	9.84
(w) Capital Man.Inv.Fund	$	1144.00*
(d) Cash Gestion	FF	9492.82
(d) CB German index Fund	DM	109.27
(w) Citacel Bond Portofolio	SF	114.93
(m) Cleveland Offshore Fd.	$	35.59
(w) Columbia Securities	FL	111.94
(m) Commod. Gtd. Fund/USA	$	8.82
(d) Conqueror Fund Ltd	$	97.02
(w) Convert. Fd. Int'l A Certs	$	17.46
(w) Convert. Fc. Int'l B Certs	$	56.91
(w) Cumber Intl N.V.	$	238.68
(w) Daiwa Japan Fund	Y	9109.00
(w) D G C	$	176.46
(w) DIVERSIF. BOND FUND	$	95.09
(d) D-mark-Baer Bond Fd	DM	1129.00*
(d) Dollar-Baer Bond Fd	$	1040.00*
(d) D. Witter Wld Wide Ivt Tst.	$	21.95
(d) Dreyfus America Fund	$	16.42
(d) Dreyfus Fund Int'l.	$	60.92
(w) Dreyfus Intercontinent	$	61.74
(w) Esprit Sicav	ECU	1149.60*
(w) Espirito Sto Inv M Sth Eur Fd.	$	10.17
(d) Europe Obligations	ECU	74.59
(w) Fairfield Int'l Ltd.	$	129.10
(w) Fairfield Strat. Ltd.	$	53.60
(w) First Eagle Fund	$	35,432.40
(w) F.I.T. Fund ft	FF	107.84
(d) Fonditalia	$	68.50
(w) Fonselex Issue Pr.	SF	206.55
(d) Forexfund Limited	$	8.31
(w) Formula Selection Fd.	SF	74.95
(d) Frankf-Trust Effekten Fd	DM	151.54
(d) Frankf-Trust Interzins	DM	41.82
(w) Future Div.Fund	$	25,306.00
(w) George V INV. BOND F.	$	16.58
(m) German Sel. Associates	DM	1991.64
(c) Green Line France	FF	690.57
(w) Haussmann Hldgs. N.V.	$	266.53
(w) Health 2000 Ltd	$	10.09
(w) Hestia Funds	$	149.56
(w) Horizon Fund	$	1840.30
(w) Ibex Holdings Ltd.	SF	183.92
(w) IFDC Japan Fund	YEN	46,913.00
(r) ILA-IGB	$	6.51
(r) ILA-IGS	$	9.97
(m) IncAmerica N.V.	$	14.42
(m) IncAsia N.V.	$	10.67
(w) Interecu Fund	ECU	1190.79
(w) Interface Fund Ltd.	$	148.71
(d) Interfund SA	$	34.99
(w) Intermarket Fund	$	368.51
(r) Int'l Securities Fund	$	23.47
(w) Intersec SA	$	3231.43
(d) Investa DWS	DM	65.41
(r) Invest Atlantiques	$	14.80
(w) Inpremet	$	10.05
(r) Italfortune Int'l Fund SA	$	39.32
(m) Japan Selection Asses.	Y	10,064.00
(w) Japan Selection Fund	$	189.83
(w) Japan Pacific Fund	$	298.28
(w) Kleinwort Bens. Jap. Fd.	$	225.12
(d) KML-II High Yield 06/14/89	$	996.49
(w) Korea Growth Trust	$	41.98*
(w) LACO International	$	7.49
(d) Liquibaer	$	1734.00
(m) London Portfolio G'td. I.	$	98.24
(m) London Portfolio G'td. II.	$	10.00
(w) Luxfund	$	98.71
(m) Lynx Sel.Holdings	SF	127.23
(w) ML Margens Lv Hi Yld.Inv.NV	$	10.51
(d) Mediolanum Sel. Fd.	$	36.13
(d) NCA FUND	$	10.38
(w) Nippon Fund	$	109.00
(m) NMT Asian Sel. Portfolio	$	176.12
(m) NMT Nostec Portfolio s/s	$	104.54
(d) NM Inc. & Growth Fund	$	15.07
(d) Nomura-Cap Int Eq Fd	$	13.15
(d) Nordmix	Lit	11095.00
(m) NSP F.I.T.	$	260.69
(m) Oppenheimer U.S.Arb.	$	129.13
(m) Overlook Perfor.	$	1147.65
(d) Pacific Nles Fund	$	9.45
(d) PAM Futures Trad.	$	875.25
(w) Pancurri Inc.	$	124.12
(w) Prosp. I.H.Inc.P.F.06/09/88	$	9.65
(w) Protected Perfor. Fund	$	0.71
(w) Quantum Fund N.V.	$	13380.75
(w) Rep.(Guernsey) Dol.Inc.ld	$	9.77*
(w) Samurai Portfolio	SF	319.30
(d) Sanyo Kle.Spain Fd	$	10.36
(d) Sarakreek Holding n.v.++	$	27.60
(d) SCI/Tech. SA Luxembourg	$	18.39
(w) Spectrafund Ltd.	$	16.62x
(w) SP International S.A.	$	4654.64
(d) Sirel Int'l Gold Fund S.A.	$	6.67
(w) Sussex Silverman	$	1031.00
(w) Techno Growth Fund	SF	66.94
(d) Templeton Glob Inc.	$	10.18*
(w) The Petrus Fund Ltd.	$	1.053
(m) THC(O.T.C) Jap.ld Sicav	$	9.12
(w) Transpacific Fund	Y	35195.00
(w) Trans Europe Fund	FL	72.80
(w) Tudor B.VI Futures,LTD	$	3865.07
(d) Turquoise Fund	$	200.08
(w) Tweedy,Browne n.v.Cl.A	$	3596.66
(w) Tweedy,Browne n.v.Cl.B	$	1933.90
(m) Tweedy,Browne (U.K.) n.v.	$	1397.59
(d) Unico Inv.Fund	DM	77.01
(d) Unico Equity.Fund	DM	64.23
(d) Uni Bond Fund	ECU	1497.46
(r) Uni Capital Fund	$	1656.85
(d) Univers Bonds	DM	131.61
(w) Vanderbilt Assets	$	17.37
(d) Vesper Flux	FF	1,002.76
(d) Victoria Fund	$	23,000.00
(w) Willerbond Capital	$	13.90
(w) World Fund S.A.	$	22.13
(d) World Balanced Fund S.A.	$	11.05
(m) Zweig Int'l Ltd	$	88,464.00

A$ - Australian Dollars; BF - Belgium Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y-Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; -@ Offer Price incl. 3% prelim. charge; • - Paris exchange; ++ - Amsterdam exchange; e - misquoted earlier; x-not registered with regulatory authority

Be sure that your fund is listed in this space daily. Telex Simon OSBORN at 613595F for further information.

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CANNES 7KM Lovely 5 bed country cottage with horse stables & paddock. 1 acre flat land. Bargain at F2.2m. Coast & Country: (93) 45114/753107

REAL ESTATE FOR SALE

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REAL ESTATE FOR SALE

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In a setting of greenery.
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Maid's room, 2-car garage.
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SUMPTUOUS 750 SQ.M.
WITH REAL POOL
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SPECTACULAR RECEPTION +
6 bedrooms, 6 baths, 3 car garage
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EXCEPTIONAL VIEW

EXCEPTIONAL
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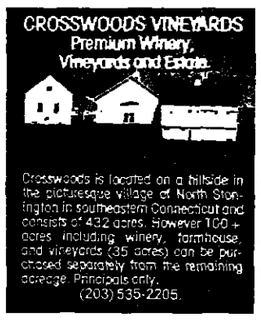

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BUSINESS ROUNDUP

Hilton Stock Gains on Further Signs of a Sale

Compiled by Our Staff From Dispatches

BEVERLY HILLS, California — Stock in Hilton Hotels Corp. rose $2.50 to $97.625 Thursday in New York Stock Exchange trading on news that the concern would hire a financial adviser to evaluate ways to "optimize shareholder value."

Hilton, the hotel and gaming concern based in Beverly Hills, has been the focus of intense takeover speculation since last month, when Barron Hilton, the chairman, suggested he would consider selling all or part of the company if an offer were made.

The move announced Wednesday had been widely expected since Mr. Hilton won voting control of about 25 percent of Hilton stock five weeks ago. The company's stock has climbed steadily from $63 a share on May 8, the day an estate dispute was settled.

Although several parties have expressed interest in the company in the past five weeks, there have been no formal offers, said the vice president of Hilton, Roy Judge. He declined to name the prospective investors.

An investment adviser would be chosen in a week to 10 days, Mr. Judge said.

In addition to selling all or part of the company, Hilton could opt to borrow money to pay stockholders a big dividend. Another option analysts have suggested would be selling the company's hotels and keeping its casinos in Las Vegas.

"My guess is they'll wind up selling the whole company because tax law favors that alternative," said Daniel Lee, an analyst with Drexel Burnham Lambert Inc. in New York. "Barron's made some big hints that he was likely to sell the company."

The estate settlement ended a legal battle between Barron Hilton and the Conrad N. Hilton Foundation over control of 13.5 million of the company's 48.7 million stock shares. The foundation supports travel and drug education, and Roman Catholic nuns around the world.

Conrad Hilton, Barron Hilton's father, left the stock to the foundation when he died in 1979, but his son maintained through a nine-year legal wrangle that he was entitled to buy it at its 1979 market value.

The settlement provided Barron Hilton with 4.1 million shares and the foundation with 3.5 million. The rest went into a trust with income to be split 60-40 between Mr. Hilton and the foundation for the next 20 years. Barron Hilton gets to vote the shares in the trust. That, combined with his other holdings, gives him control of about 25 percent of the company.

Hilton owns 11 hotels, including the Waldorf Astoria and the Las Vegas and Flamingo Hiltons in Nevada, and manages 13 hotels it owns in partnerships with others, including the Hilton Hawaiian Village in Honolulu and Hiltons in San Francisco, Chicago, New York and Washington.

The company also manages 21 hotels in which it does not have any ownership interest and franchises 225 Hilton Inns. *(AP, NYT)*

Uniroyal Goodrich May Need a Retread

By Jonathan P. Hicks
New York Times Service

AKRON, Ohio — Uniroyal Goodrich Tire Co. has worked through the most trying effects of the 1986 merger of the Uniroyal and B.F. Goodrich tire companies, including the shutdown of two of its nine factories and the layoff of 1,200 employees.

But the nation's second-largest tire producer now finds itself facing a stagnant market for tires, resistance to price increases by the General Motors Corp., its major customer, and staggering financial burdens from its heavy debt load and pension obligations.

In addition, the company is saddled with out-of-date production plants and a reputation for products that are something less than state-of-the-art.

As a result, some analysts say, Uniroyal Goodrich is poorly positioned to compete in an industry that has become the domain of such global titans as Goodyear, its neighbor in Akron, Michelin & Cie. of France and Bridgestone Corp. of Japan.

"Within five years its structure will be entirely different than it is today, out of necessity," said Harry W. Millis, who follows the tire industry for the stockbroking firm of McDonald & Co. in Cleveland. "It will have to be either a smaller company or part of a global group."

In an industry where size is increasingly seen as being synonymous with competitive stamina, Uniroyal Goodrich remains distinctive as a company that is neither a major force overseas, as Goodyear is, nor a subsidiary of a major foreign producer.

Without a partner, many argue, Uniroyal Goodrich cannot hope to match the capital expenditures being made by its rivals as they jockey for position in a global market with annual sales of $40 billion.

The company was created from the tire operations of Uniroyal Inc., which had been acquired in 1985 by Clayton & Dubilier Inc., a New York investment firm, and the B.F. Goodrich Co. as a 50-50 joint venture.

A year ago, Clayton & Dubilier paid $225 million to Goodrich for the 50 percent of Uniroyal Goodrich that it did not own.

After closing some operations and cutting expenses, Uniroyal Goodrich had a net profit of $11.8 million on sales of $2.19 billion last year. The two tire companies lost $65.7 million on sales of $2.14 billion in 1986, the year of the merger.

"We have made great strides," said Sheldon R. Salzman, Uniroyal Goodrich's president and chief operating officer. "We know how to make a tire as cheap an anybody else and we have the same level of quality as anyone.

NYT

Sheldon R. Salzman, president of Uniroyal Goodrich.

We've had some problems, but we're overcoming them."

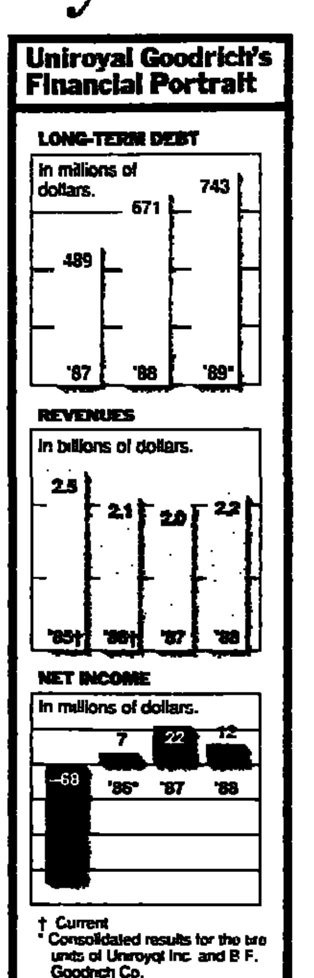
By all accounts, many of the problems were exacerbated by the struggle to operate the company as a joint venture.

"There was a great deal of animosity between the Goodrich people and the Uniroyal people," said Lloyd R. Stoyer, editor of Modern Tire Dealer, an industry trade publication for retail tire dealers.

Mr. Salzman conceded that both animosity and morale problems existed. There was also confusion. "There were two sets of accountants and engineering forces, everything," Mr. Salzman said.

Because the information management systems were completely different, the company could not even accurately determine how to make a Uniroyal tire at a Goodrich plant, or vice versa.

With the company back in the black, some of these problems have receded. "A lot of union members feel that the company is making progress in a lot of areas," said B. Frank Kelly, president of Local 351 of the United Rubber Workers in Tuscaloosa, Alabama. "There is more job security and the members seem to like the direction the company has come in the last few years."



NYT

But where the company is going in the next few years is not yet clear to industry experts, executives or the company's owners. Many in the industry suggest that Clayton & Dubilier is dressing up the tire company to attract a buyer.

The investment firm says a sale is a possibility but certainly not a short-term goal. "We bought the company to make it into something different," Martin H. Dubilier said. "When we're satisfied that it has reached that objective, we will probably do something with it — take it public, sell it or something. But there is no preconceived idea of what we will do."

Mr. Salzman, who is 59, reports to B. Charles Ames, 63, former head of Acme-Cleveland Corp. and Reliance Electric Co., who is now a Clayton & Dubilier partner "monitoring" Uniroyal Goodrich as he shuttles between New York and his home in the Cleveland suburb of Chagrin Falls.

Mr. Salzman said his job was to make sure the company was a "force to contend with" no matter what. "Everybody says you have to be global to compete effectively and I'm not really sure that I understand why," he said. "The United States has the largest tire market in the world. If I can compete successfully here, I got world-class capability. Everybody wants to be here."

That is true, which makes it all the more noteworthy that no one has wanted Uniroyal Goodrich. When Bridgestone looked to establish a deeper foothold in the United States, it turned to Firestone, then the No. 3 player in the U.S. market.

When Pirelli SpA, the large Italian tire company, was thwarted in its bid to acquire Firestone last year, it decided to buy Armstrong, which was the nation's sixth-largest producer.

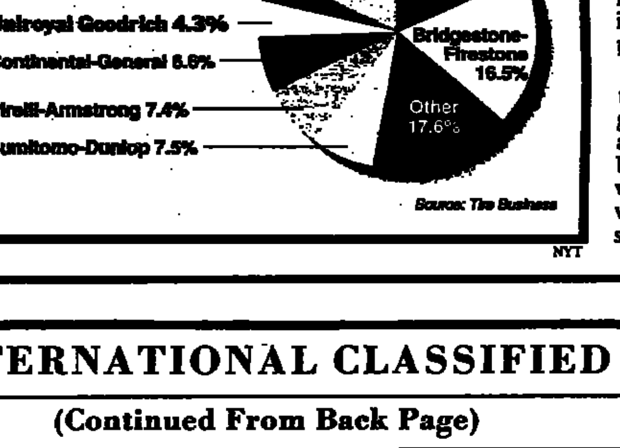
Uniroyal Goodrich's debt and pension obligations have clearly played a major role in keeping potential suitors away. The company is paying $110 million in interest a year on its $743 million debt and has pension obligations totaling nearly $300 million.

With no partner on the horizon, Uniroyal Goodrich is hoping to stay competitive by upgrading plants and by shifting its product mix so that the company is less dependent on General Motors, which purchases about 92 percent of the company's tires.

"We don't want to increase our market share," Mr. Salzman said. "We want to enrich the mix in the existing market share we have. We want to get a larger share of the performance tire market and a larger share of the growth market in light-truck radials.

"We have an excellent reputation with enthusiasts in the performance market but we're working to broaden the consumer perception."

Tire industry analysts believe that Uniroyal Goodrich has a good chance of staying profitable and gradually reducing its debt, but they have doubts that there will be enough money left to invest in the future at a pace necessary to stay competitive.



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FINANCIAL MARKETS

Dollar Off Sharply in Profit-Taking

Reuters

NEW YORK — The dollar closed sharply lower on Thursday, after reaching two-and-a-half-year highs in European trading before succumbing to profit-taking.

Dealers said intervention by the U.S. Federal Reserve had added pressure on the dollar. They said the Fed had sold dollars at 149.30 and 149.35 yen and at 2.0230 Deutsche marks.

Dealers in New York said the decline of the dollar was hastened by comments from Japanese officials that the Bank of Japan would continue to intervene to defend the yen.

The U.S. Commerce Department announced a trade deficit for April of $8.26 billion, the lowest level in nine months, pushing the dollar higher in London. But an upward revision in the March deficit, to $9.54 billion from $8.86 billion, left dealers unwilling to force the dollar up further.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	2.0235	2.0300
Pound sterling	1.5145	1.5148
Japanese yen	149.45	149.85
Swiss franc	1.7510	1.7525
French franc	6.8625	6.8763

Source : Reuters

The heavy profit-taking surfaced in Europe's late afternoon trading and pushed the dollar lower. Earlier, in Asia's trading day, the Bank of Japan had also sold the U.S. currency.

In New York, the dollar fell to 1.9850 DM from 2.0340 at the close Wednesday; to 145.80 yen from 149.455; to 1.7105 Swiss francs from 1.7545; and to 6.7365 French francs from 6.8920.

The British pound rose to $1.5455 from $1.5115.

The dollar closed in London at 2.0235 DM, down from the Wednesday close of 2.0300. The dollar had peaked at 2.0480 DM.

The U.S. currency closed at 149.45 yen, up slightly from 149.05 at the previous close. It had touched 151.80 yen in the early rally.

The dollar peaks were the highest against the mark since November 1986 and against the yen since August 1987.

The pound picked up in the afternoon after Bank of England intervention. It closed at $1.5183, up from $1.5148. At the height of the day's dollar rally, it touched $1.4935, its lowest level since January 1987, dealers said.

The dollar closed at 1.7510 Swiss francs, down from 1.7525, and at 6.8625 French francs, down from 6.8763.

Some market observers said the afternoon dollar decline had a lot to do with a drop in U.S. bond prices after the trade figures and stronger than expected U.S. industrial production and capacity utilization figures.

U.S. Reports Slowdown In Economy

The Associated Press

WASHINGTON — The operating rate for U.S. factories dropped in May to 83.8 percent amid signs the economy has continued to slow in recent months, the government said Thursday.

The Federal Reserve said the May operating rate was 0.3 percent below April's 84.1 percent and matched the rate in March. The rate increased in April for the first time since it hit a 10-year high of 84.3 percent last December.

"The operating rates for manufacturing and for utilities both declined in May," the Fed said. "Most manufacturing industries showed some decrease in utilization in May, continuing the easing that started at the beginning of the year."

Economists had worried that the *steady upward march of operating* rates last year signaled increased inflationary pressures. The closer that U.S. industry gets to full capacity, the greater difficulty it has producing enough to meet demand, leading to shortages and price increases.

Until recently, the Fed had been pushing up interest rates in an attempt to cool those inflationary pressures without slowing growth so much that the economy fell into a recession.

In another report Thursday, the Federal Reserve said the pace of industrial production was unchanged in May after a 0.6 percent hike in April. Production had edged up 0.1 percent in March after falling 0.2 percent in February, the first decline in a year.

The Fed's industrial production index stood at 141.4 percent of its 1977 base, 3.9 percent higher than a year ago and the same as last month's index. Last month's operating rate of 83.8 percent was up from 82.9 percent a year earlier.

The operating rate fell 0.3 percent to 84.0 percent at manufacturing plants, returning to the March operating level. Prior to April, the rate had declined since it peaked at 84.7 in January.

Analysts generally consider an operating rate of 85 percent or above as an indication of inflationary pressure.

The rate at factories producing durable goods, which are items expected to last more than three years, fell from 82.8 percent in April to 82.5 percent in May, reflecting decreases in most categories.

The rate at factories producing nondurable goods edged down from 86.3 percent to 86.0 percent last month.

TOKYO: *Stocks Drop on Fears of Interest Rate Rises*

(Continued from first finance page)

dollar began to rise dramatically last month has been to avoid a substantial increase in "imported" inflation.

The Bank of Japan raised the discount rate, which is the interest it charges on loans to commercial banks, by three-quarters of 1 percent last month, the first upward move in nearly a decade. Analysts believe it will have to boost the rate from its current 3.25 percent by at least half a point in coming weeks.

Last week, UBS/Phillips & Drew International Ltd. predicted a rise in the discount rate to 4.5 percent over the next few months. The London-based brokerage also revised upward its 1989 forecast for consumer price inflation in Japan, to 3.25 percent.

The Bank of Japan is believed to have sold roughly $2 billion in Tokyo and other currency markets on Thursday, including some $400 million worth of transactions in Singapore and Australia. Finance Minister Tatsuo Murayama, along with central bank officials, pledged further strong intervention in support of the yen.

Since last week monetary authorities have also asked banks to reduce lending to some sectors of the economy, monitored dollar purchases among institutional investors and requested brokers to cut down efforts to market dollar-denominated mutual funds among Japanese individuals.

But the financial markets appear to have concluded that in all of these measures Japan is acting essentially on its own. European central banks have "thrown in the towel" on the dollar, a foreign economist said, while the U.S. authorities have adopted a policy of "benign neglect," believing the dollar will fall on its own.

"The Bank of Japan is ready to strengthen cooperative intervention with other nations, while they are not adopting a strong posture," Nihon Keizai Shimbun, the leading financial daily, said in a front-page commentary published Thursday. "It is said in the market that the high dollar won't abate unless a new framework for international cooperation is established."

TRADE: *9-Month Low in Deficit*

(Continued from page 1)

the bill for foreign oil jumped 9.9 percent to $4.05 billion. The average price of a barrel of oil shot up 11.6 percent to $17.83 in April, the fifth consecutive monthly increase.

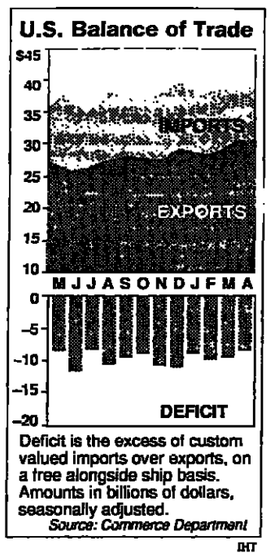
Exports, meanwhile, hit a record $30.57 billion in April as foreign sales of U.S. industrial supplies, manufactured capital goods and consumer goods all increased.

As usual, the United States posted its largest trade deficit in April with Japan, but the $3.89 billion deficit was much narrower than the $4.22 billion reported for March.

Other large deficits were with Taiwan, $840 million; South Korea, $545 million; Canada, $477 million; and Brazil, $365 million.

The trade picture was helped by a second consecutive surplus with Western Europe.

On Tuesday, the government reported that a broader measure of U.S. trade worsened dramatically in the first three months of the year. The Commerce Department said the deficit in the current account was 7 percent larger than in the final three months of 1988. The current account deficit reflected improvement in merchandise trade but a widening of the deficit in the services category.



Deficit is the excess of custom valued imports over exports, on a free alongside ship basis. Amounts in billions of dollars, seasonally adjusted.

Source: Commerce Department

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Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

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International Herald Tribune A Special Report Friday, June 16, 1989

France's Robust Economy

Strong Growth Shows In Company Profits

Patient Post-Oil Shock Restructuring Brings Best Results Since Early 1970s

By Madlyn Resener

PARIS — When French companies released figures for their 1988 profits this spring, it was an occasion for uncorking magnums of champagne. Not since the early 1970s have France's major corporations performed so brilliantly.

On average, profits for a sampling of companies quoted on the Paris Bourse rose 21 percent over 1987. At the head of the list was Peugeot, with 8.8 billion francs ($1.46 billion) in net profits, an increase of nearly 80 percent. The other top two performers were Elf-Aquitaine, whose net profits rose 67 percent to 8.15 billion francs, and Saint-Gobain, with net profits of 5.06 billion francs, an increase of 39 percent.

The explosion of profits owes a lot to the favorable economic conjuncture that France is currently enjoying. Economic growth last year was a robust 3.5 percent, industrial investment grew at an impressive 9 percent, exports rose a moderate 6.5 percent, unit labor costs stabilized and consumer spending remained strong. With low inflation and declining oil prices, France's companies were well positioned to take advantage of expanding markets throughout Europe.

But the brilliant results are also the long-awaited payoff of years of patient restructuring of the French economy that followed the oil shocks of the early 1970s. French companies lagged behind their European counterparts in adjusting to the new world introduced by higher energy prices. As a result, profits plunged to their lowest point in 1982. But by the mid-1980s, French managers had begun closing unproductive factories, reducing workforces, regrouping production units for economies of scale and buying up companies with complementary activities.

All of this resulted in strong growth in productivity. In the industrial sector, on average, productivity rose 6 percent last year, three times the growth rate of a few years ago. Since the French economy is growing at a brisk pace, companies are making full use of newly efficient production sites.

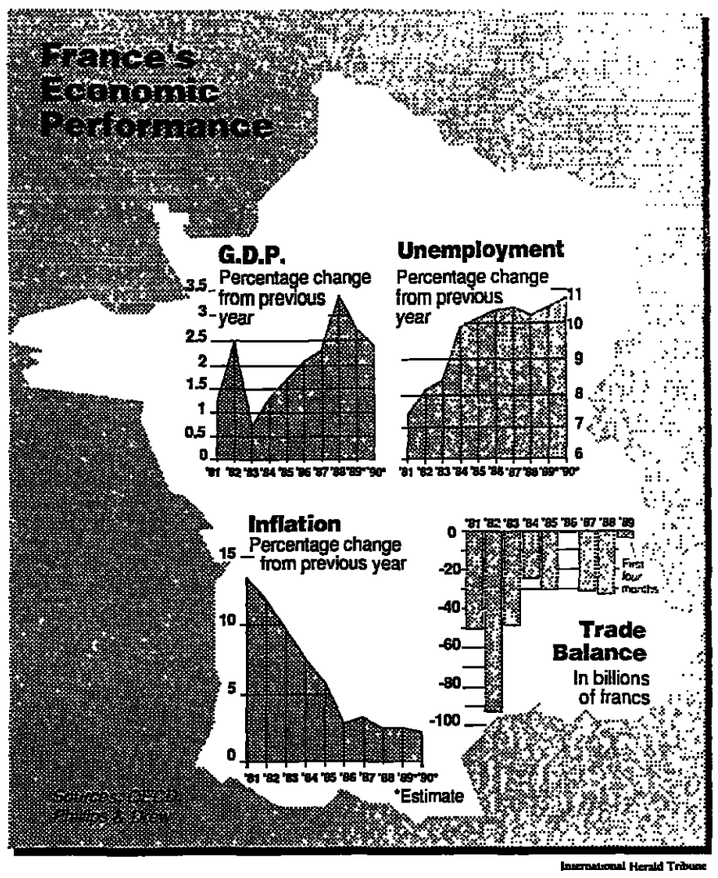
"French companies have finally mastered their production costs," says Martine Aubert, an economist at the Crédit Commercial de France. Now that improved productivity has sharpened their competitive edge with British, West German and other European companies, the French have begun aggressively seeking new market share in neighboring European countries.

"French companies have finished their restructuring, and with the economy strong, this has resulted in gains in productivity," notes Claude Rivand, a senior analyst at Société Générale. Productivity at Peugeot, for example, rose 9 percent last year. Along with the introduction of several new popular models, this new efficiency allowed Peugeot to increase its share of the European automobile market, from 12 percent last year to 12.9 percent.

France's industrial sectors, such as the chemical, cement and automobile industries, which are more vulnerable to cyclical turns in the economy, did particularly well last year. Elf-Aquitaine owes its strong showing to healthy sales in its chemical and pharmaceutical divisions, as well as improved profit margins in its refining activities. Boosted by a strong European auto market, Peugeot benefited as well from moderate price increases for its models. Strong sales and higher prices also explain the successes of companies such as Lafarge-Coppée and Rhône Poulenc.

Giving a big boost to the French corpora-

Continued on page 20



Trade, Jobless Rate Mar 6-Year Recovery

Government Manages to Score Success In Its Efforts to Control Inflation

By Reginald Dale

PARIS — As they approach their revolutionary bicentennial next month, the French can look back on a steady six-year economic recovery, which has quickened pace over the past two years.

But, say international analysts and officials, the recovery will not be complete by the time the big parade rolls down the Champs Elysées on July 14. Nor has it been achieved by the exercise of any particularly revolutionary techniques.

Since President François Mitterrand dramatically abandoned doctrinaire socialism in 1983, French governments of both right and left have pursued middle-of-the-road, market-oriented economic policies that differ little from those of most of the country's West European neighbors. And the Socialist government that took office just over a year ago shows no sign of changing tack.

Like most industrial countries, France recorded unexpectedly strong growth last year, likely to be put at between 3.5 and 3.75 percent when final figures come in later this month. That was the best result in 12 years, and the momentum is continuing.

"With the current state of both internal and external demand good for French growth, the economy will not slow down until next year," when growth is expected to slacken worldwide, said J. Paul Horne, Smith Barney's Paris-based international economist.

Most notably, thanks to wage restraint and tough fiscal and exchange rate policies, France has squeezed inflation out of its system more successfully than the majority of its trading partners.

"Having peaked at 13.6 percent in 1980, the rise in the consumer price index then decelerated steadily to around 2.75 percent in the last three years," noted the Organization for Economic Cooperation and Development earlier this year, in its latest report on the French economy.

The decision to link the franc to the Deutsche mark in the European Monetary System, one of the key elements of the government's economic policy, "helped to increase the effectiveness of anti-inflationary policy by reducing inflationary expectations and limiting imported inflation," the OECD said.

"Although this decision may sometimes have resulted in interest rates being higher than might have been desirable from the point of view of domestic activity," the organization added, "it is difficult to see how any other policy could be more successful in imposing monetary discipline and hence in promoting disinflation."

"The French," said Christopher Potts, economist for the money and capital markets department at Banque Indosuez in Paris, "have been lucky in that one of the keystones of their policy in recent years has been a very tight wages policy, which has kept consumer spending very moderate and not exacerbated inflationary pressures."

As a result, he said, "France has been in the very enviable position of being able to benefit from the upswing in world trade, and the knock-on effect on investment." The result has been export-led growth, a high rate of new investment and strong growth in corporate profits.

French profit margins last year finally recovered their high levels of the early 1970s, and productive investment jumped by 25 percent

Continued on page 21

Continued on page 22

Franc Gains Market Credibility as 'Hard' Currency

By Brian Martin

LONDON — French official efforts to persuade markets that the franc is now a "hard" currency are beginning to pay dividends. The franc has not been realigned against the Deutsche mark within the European Monetary System since Jan. 12, 1987, when there was a general reordering of parities.

A new halving of the interest rate gap between France and West Germany since December has not prevented a steady franc recovery from near the bottom of its fluctuation band against the Deutsche mark within the EMS toward the midpoint range.

That resilience is testament to a sea-change in market perceptions of French economic fundamentals. Many observers believe the improving trend in French inflation and the trade balance will allow the franc to be revalued alongside the Deutsche mark in an realignment of the EMS as French ministers have repeatedly stated is their intention. It will probably also mean a further reduction of the differential between French and German bond and money market yields.

A good illustration of the franc's emergence as a hard currency came with March's removal of the last of the foreign exchange controls governing businesses. Previously, foreign exchange liberalization had been greeted with nervousness over the franc as dealers speculated the French unit would prove harder to defend if ever it should come under pressure. But the March confirmation that companies holding francs in France could lend them freely abroad was greeted by a modest franc rally against the mark as traders reflected on French officials' increased confidence in adopting market reforms.

The one remaining exchange control — that preventing individuals from holding a foreign bank account or a foreign currency account in France — is scheduled to be removed by June next year in line with European Community currency liberalization agreements.

The foreign exchange market's current focus on the relative political stability of nations has revealed a favorable situation in France and a cloudier outlook in West Germany. West Germany faces a general election next year, if not earlier, and, by abolishing a new withholding tax just six months after its introduction, has shown itself unpredictable in economic policy matters.

Prime Minister Michel Rocard's government has proved much more assured, enduring a recent wave of public sector strikes without

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1988 AND 1989 IN PERSPECTIVE

The Annual Shareholders' Meeting held on May 31, 1989 under the chairmanship of Jérôme Seydoux approved the accounts for the 1988 fiscal year and decided to distribute a dividend of 21 French francs per share, tax credit included (compared with 18 French francs in 1987) scheduled for payment on June 26.

1988 was a year of major changes for Chargeurs S.A., which became the leading world group in wool trading, combing and weaving as a result of the companies taken over from Prouvost S.A. in May 1988, the acquisition of the Hart Group in early 1989, the interest acquired in Drummond (U.K.) which will ultimately amount to 20% and the take-over of the German company Irnen und Richter.

Spontex was sold to Hutchinson associated with institutional investors on May 16, 1989 for 1.3 billion French francs, the capital gain after tax amounting to approximately 700 million French francs.

During the first four months of 1989, the companies of Chargeurs S.A. operated in a favourable situation. The 1989 results will be affected by the following particular events:

- the purchase by UTA of a second-hand 747 200 C to cater for developing traffic;
- the UTA pilots' strike in April which cost approximately 80 million French francs;
- the cost of the particularly intensive program for training air crews both at UTA and Aéromaritime;
- the cost of restructuring in the textile division, amounting to approximately 100 million French francs;
- the effects of the rising dollar: for 1989, the rise in the dollar should be favourable;
- the capital gain on Spontex.

The development of the aviation sector and the recovery of the textile division remain the main goals of Chargeurs S.A. UTA and Aéromaritime are committed to a large program of aircraft orders over several years (15 firm orders and 19 options) to modernize their fleets and keep pace with the development plan of the airlines. The Textiles Division which is being gradually reorganized will again show a deficit for 1989.

The results of this division, with a turnover of 3 billion French francs, should rapidly improve after 1990.

CHARGEURS S.A.

Climate Improves for the Entrepreneur

By Barry James

PARIS — Until a few years ago, an aspiring captain of industry in France was likely to find it more prestigious to hand over a business card describing himself as panjandrum of a big company or state enterprise, than managing director of a small business, however successful.

But the climate is changing, according to Philippe Demaegdt, president of the National Agency for Business Creation, or ANCE, and today would-be French tycoons are increasingly interested in running their own business rather than somebody else's.

Last year was a record, with 279,000 new businesses registered, 4,500 more than the previous year and almost twice as many as when the agency was formed 10 years ago. A recent survey indicates that more than five million French men and women would like to start their own business.

So successful has it been in its purpose of popularizing small business that the state-sponsored agency has, in one sense, almost worked itself out of a job. It is about to adopt a new name — probably the National Agency for Economic Development — to reflect the functions it is now assuming.

First, Mr. Demaegdt said, the agency is seeking ways to ensure the survival as well as the creation of new enterprises. At present, 30 percent of new businesses collapse within two years, and one out of two fail to make it to five years.

"Creation is good, succeeding is better and developing is even better," Mr. Demaegdt said, calling the rate of failure unacceptably high.

Secondly, he said, the agency is studying how to ensure that small- and medium-sized companies can stay in business when their owners die or retire.

There is no legal definition of a small or medium business in France, but in effect the agency is concerned with everything from one-man bands to fairly large organizations with up to 2,000 employees. It is these larger enterprises that the agency is most eager to foster. "Compared with West Germany and Japan," he said, "we lack companies of a certain size, with perhaps a relatively small range of products but which have a specific technological competence and an international client list."

Philippe Demaegdt

Mr. Demaegdt said that the agency has succeeded in changing cultural attitudes in France and making small business both respectable and desirable, something that was not the case 10 years ago.

French small businesses are likely to face increasing competition in the European single market after 1992. Mr. Demaegdt said a lot of small businesses are being put up for sale, partly because their owners believe they do not have the financial or human resources to compete successfully in the single market, and partly because established businesses are fetching a good price.

"We are developing a strategy to help small and medium enterprises find complementary partners in other countries, so that they can develop cooperative networks on a contractual basis rather than being at risk from mergers and takeovers," he said.

Although the situation of small and medium enterprises has clearly much improved in the past decade, Mr. Demaegdt, himself a successful entrepreneur before taking the helm of the agency last year, said that much remains to be done in cutting through red tape.

"Politicians have always spoken of the importance of small and medium enterprises, but more for electoral reasons than anything else — because they offer more votes than the directors of large companies," he said.

Nevertheless, it has never been easier to create a new business in France. In theory, at least, the process of setting up a company can take as little as five days.

Pierre Battini, co-author of a recent book on venture capital, said that in contrast to West Germany, Japan or the United States, big businesses in France tend to overlook ways in which innovative smaller companies can help them.

"In France, there is not a great deal of competition among big groups," he said. "They dominate their markets and there is not the same incentive to go looking outside. Here, the small and medium enterprise inhabits a world apart. In the United States, the big company is the client of the small."

In addition, Mr. Battini said, government organizations and agencies in France, in contrast to the United States, have no legal obligation to consider small and medium businesses when granting research or supply contracts.

Another impediment for new businesses is the relative difficulty of raising start-up and development capital. Members of the French Association of Venture Risk Investors, of which Mr. Battini is president, backed only 120 companies last year, out of the 450 they have supported so far. Mr. Battini said their main function is to seek out companies they expect will be leaders in their field.

This means that most new companies in France are financed by bank debt rather than infusions of capital. Mr. Demaegdt said that investors tend to be too impatient for a return and that many of the investment companies are subsidiaries of large banks, meaning that in the long run the banks' conservative criteria tend to prevail.

After January 1, 1990, restrictions on currency movements in the European Community are scheduled to be lifted, so that small businesses will have the opportunity to attract investment from a much wider area. Investors in France, however, will have the freedom to place their capital abroad.

A weakness of the small business sector in France, Mr. Demaegdt said, is that it is heavily oriented toward services and commerce. Only 8.9 percent of the businesses created last year were involved in industrial production.

Mr. Demaegdt said France has a dearth of market leaders in the small and medium business sector.

In time, the small and medium business sector is likely to become increasingly harmonized with that in the rest of the EC. The European Commission, the EC's executive body in Brussels, earlier this year created a directorate general to look after the interests of the sector. It is producing a raft of recommendations aimed at making it easier for small businesses to participate in big government and community projects.

BARRY JAMES is on the staff of the International Herald Tribune.

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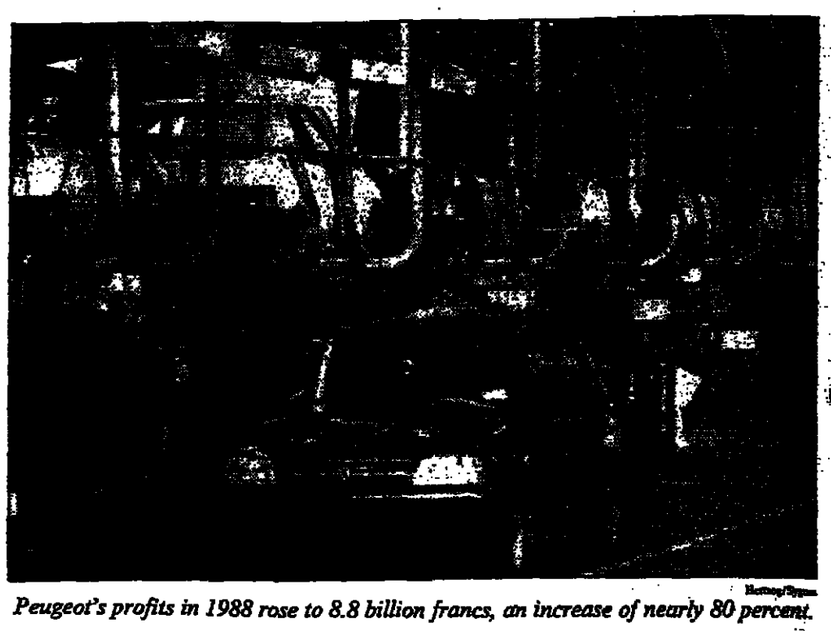

Reuters/Sygma

Peugeot's profits in 1988 rose to 8.8 billion francs, an increase of nearly 80 percent.

Company Profits Soar

Continued from page 19

tions' profitability was the gradual reduction in corporate taxes in France, which have declined from 50 percent to 42 percent and 39 percent for reinvested profits. Moderate wage increases in the private sector were another critical factor. Hourly wages increased by less than 3 percent last year, due in part to a 10.5 percent unemployment rate that kept union demands reasonable. Unit labor costs rose just 1.1 percent, compared to 2.7 percent in the United States and 8 percent in West Germany.

"French companies have finally got salary costs under control" says Ms. Aubert. She notes that the abolition in 1983-84 of a government price index for wages resulted in lower increases; as a result, industrial production actually grew faster than wage costs.

The profit recovery did not happen overnight, of course. As Michel Jollant, an analyst at DLP James Capel, notes, after restructuring both their management teams and production units in the early 1980s, publicly owned French companies turned their attention to financial restructuring by issuing new shares on the Paris Bourse to strengthen their financial structure, which had been badly shaken by the oil crisis of the 1970s.

Their new financial means plus increased profitability has made French companies cash-rich and allowed them to reduce their indebtedness, which reached high levels in the late 1970s and early 1980s. That gives them leeway for focusing on external growth by making national and cross-border acquisitions. In 1988, French companies merged with or acquired companies throughout Europe and in the United States, for a total of 120 billion francs, a 130 percent increase over 1987. This figure, however, is inflated by several large deals, including Pechiney's purchase of American National Can for 22 billion francs.

During the next year, Mr. Jollant expects to see a greater number of small and medium size mergers and acquisitions in Europe, particularly among companies not yet quoted on the stock exchange for whom such deals represent the only way of gaining new business.

"The European market represents the national market for many French companies now," he says. "It's not the 1992 deadline that is pushing them; it's the logic of their development and the conditions of their survival."

But France's giant companies are also looking for deals. Among those on a buying spree are Saint-Gobain, which bought a packing company in West Germany and raised to 100 percent its participation in a U.S. subsidiary specializing in building insulation, and Elf-Aquitaine, which is currently attempting a takeover of Penwald, an American chemical firm. "External growth and takeovers are the two new axes of development for French companies," says Mr. Rivaud.

As a result of the higher than expected profits for 1988, economists and analysts are scrambling to revise upward their predictions for this year's results. But most see profits growing at a more modest rate because of softening of the world economies. At DLP James Capel, a sampling of 258 companies representing 90 percent of the Bourse's capitalization, showed an average earnings per share in 1988 of 20 percent, according to Mr. Jollant. For 1990, he is predicting 17 percent. However, he remains optimistic that companies will continue to post healthy profits next year because they have acquired an industrial flexibility that allows them to adjust quickly to changes in demand.

"Even if the economy slows down, we'll see increases of 12 to 13 percent," he says. Business investment should stay strong at 7 percent this year and 6 percent in 1990, he predicts.

Ms. Aubert notes that "the higher the level of profits, the harder it will be to surpass it next year." She says 1989 will be a good year but a more difficult one "because we will have a slight slowing down of the economy."

Among the uncertainties clouding the outlook are the possible hike in oil prices, a volatile dollar and question marks surrounding interest rates, world inflation and U.S. policies to reduce the budget and trade deficits.

But firmly anchored in the unified European market, French companies should be able to weather any downturns in their own economy, she points out.

With reduced indebtedness, French companies now have the leeway to focus on external growth and possible national and cross-border acquisitions.

MADLYN RESENER is a Paris-based journalist.

Market Forecast Is Positive

By Jacques Neher

PARIS — Pushed by a surge in business investment, the Paris Bourse this spring has risen above its pre-crash high, and market watchers say it is likely to capture new ground in the months ahead.

"I'm quite bullish," said Ian Furnivall, a French-market analyst with UBS/Phillips & Drew in London. "There's still plenty more to grow over the next six months."

In late May, the Bourse's SFB general index of 240 stocks soared past its previous high of 460 — reached in the spring of 1987 — settling in the high 470s. The market has made a remarkable recovery since it plummeted after the October 1987 crash, dropping to 281 by the end of that year. Since the beginning of 1988, the market has gained 70 percent; since the start of this year, investors playing the Paris index stocks would have gained 15 percent.

By contrast, in the same 17-month period, Wall Street and London rose 28 percent; Milan, 25 percent; Madrid, 37 percent; Frankfurt, 38 percent; Zurich, 42 percent, and Tokyo, 59 percent.

"France is still one of the best markets in Europe for the future," Mr. Furnivall said, noting that the average price-earnings ratio is around 13, not much different from other European markets.

"I see France outperforming the German and North European markets, so there is room for the PE to go to 14.5 or 15," he said.

The 4,250 companies quoted on the Bourse's Reglement Mensuel, Contant (Cash) and Second Marché at the end of 1988 carried a combined market capitalization of 1.537 trillion francs ($257 billion), a jump of 58.9 percent over the end of 1987. At the end of April, the market capitalization had grown to 1.561 trillion francs.

"Over the long term, we can see the market going well over the 500 level, but it's a question of timing," said Jerome Labin, an analyst with Paris broker Jean-Pierre Pinatton.

He said a decline in interest rates or an increase in French economic growth could provide new fuel for the market's growth.

A trader with Ferri-Ferri-Germe, a Paris broker, said another factor that could help the bourse will be the unusually large amount of cash available to investors this summer. Some 30 billion to 35 billion francs in dividends is expected to be paid out to shareholders between June 15 and July 30. That cash will be added to an estimated 500 billion francs investors have shelved in short-term cash instruments — which, he said, is more than ever before.

While upbeat, analysts say the course of the dollar remains a wild card that could upset predictions.

The bourse proved volatile during the dollar's climb in May, as investors tried to second-guess the effect on German interest rates and the ultimate effect on French rates.

"From a fundamental viewpoint, the mark and the dollar are overvalued, and the yen is undervalued," said Susanna Hardy, an analyst with DLP/James Capel in Paris. "At some point, these relationships have to be reshaped."

JACQUES NEHER is a Paris-based journalist.

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CAISSE NATIONALE DES TELECOMMUNICATIONS

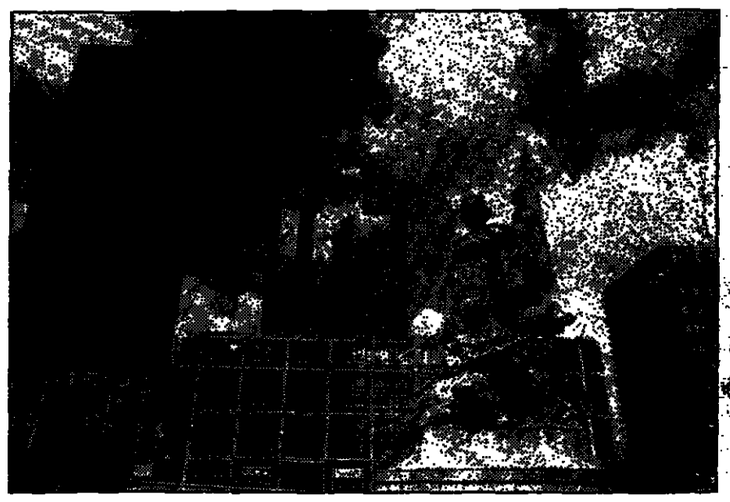
Capitals Vie for EC Dominance

By Adrienne Margolis

PARIS — As the European Community accelerates the pace at which barriers to the trade in goods and services are dismantled ahead of the formation of the single market in 1992, member states are competing to persuade the outside world that their capital cities will be the major financial center in the EC, second only to London with its long-held status as a major international financial city.

Amsterdam, Dublin, Frankfurt, Madrid and Paris are all claiming to be well-placed to become the financial center for the single market. They are lobbying both member states and the international community to set up operations on their patch, to be best placed to take advantage of the more competitive business climate envisaged in the EC once the single market rules are in place.

"Up to the mid-1980s, France was not considered an attractive location for international investment," a partner at the Paris office of accountants and consultants KPMG Peat Marwick McLintock commented. "The financial world was nervous about the possible impact of the Socialist government's program on their operations. International companies also considered the exchange control rules a restriction, as was government policy on the taxation of investments."



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La Défense has become home to several financial conglomerates.

'The last two years have seen a significant shift both in government policy and in the potential for Paris to become a major financial center.'

But financial consultants in Paris agree that the climate has changed and that the international financial world is taking greater interest in using the city as a base for EC operations.

"The last two years have seen a significant shift both in government policy and in the potential for Paris to become a major financial center," said Mike Geary of Coopers and Lybrand's Paris office. In common with the accountants and consultants at Peats, Mr. Geary noted growing interest from Japanese and U.S. financial concerns in setting up operations in the capital, in addition to inquiries from EC member states.

While the single market program takes shape, the financial world is also seeing changes on a global scale that point to the barriers between different types of financial service companies dissolving. Banks, insurance companies and other financial institutions are increasingly permitted by their home authorities to offer a wider range of services to clients. vices, considering this sector a key source of growth and profitability for the future.

Analysts throughout Europe and beyond stress the importance of an efficient distribution network for companies to be able to compete successfully in this new climate. Most concede that Paris is well placed to act as a center for such a network, both in terms of its location and the ease with which other centers in the EC can be reached, and in terms of the necessary infrastructure to enable major international companies to set up and run sophisticated operations from the capital.

"Paris is geographically well placed in the EC, and the facilities on offer here are good," one analyst said. "Outside investors may have been deterred in the past by considering France to be a high tax area for international investment. But that impression, not wholly accurate, is now changing, and the authorities here are showing they are less bureaucratic than in the past."

"Paris could be the largest financial center in the EC after London," this analyst predicted, "now that it is much easier to form a company here, and now that the government has indicated its determination to liberalize the financial market."

One company that has already decided to make Paris its headquarters for Europe is the U.S. insurance company American International Group.

Major companies already in the sector are preparing for this change through merger and acquisition, to be well placed to offer a comprehensive range of services as these barriers dissolve. Companies outside the financial world are also diversifying into financial services.

"Brussels is considered a center for the evaluation of information coming out of the European Commission. We cannot see it developing beyond that function into a major financial center," AIG executives said, "but envisage it increasingly taking a role in the EC like Washington, D.C., has in the U.S."

This U.S. group's decision to choose Paris for the formation of its European insurance company, UNAT, was based on the signs of the capital's influence on the world's financial scene. "Paris has good communications, and is home to the Organization for Economic Cooperation and Development, of UNESCO and of the European Insurance Committee," Bengt Westergren, UNAT's executive vice president, said.

From its headquarters in La Défense, the Paris center for many major domestic and foreign financial conglomerates, AIG now sees other international companies setting up operations. While this may vindicate its decision to locate in Paris, the competition between Europe's capitals to become the EC's major financial base is in its early stages. The battle could well become fiercer before a victory is certain.

ADRIENNE MARGOLIS, a journalist based in London, specializes in economic and financial affairs.

Greater Liquidity Is In Store for Bourse

By Gary Humphreys

PARIS — In spite of the rapid growth of the French stock market, which has seen annual volume rise from 180 billion francs ($29.6 billion) last year, the bulk of Paris securities business is still in fixed-income instruments, with fungible government bonds making up around 80 percent of new debt issues.

In terms of Bourse capitalization, $215 billion, the French stock market weighs in as the world's fifth largest, and third in Europe behind London ($733 billion) and Frankfurt ($234 billion). The recent spate of reforms to improve the liquidity, transparency and efficiency of the stock market reflects a desire to raise it to the levels attained on the fixed-income side.

There are three reasons for the success of the government debt market: the underlying economy and investor confidence in the franc; a steady flow of fungible issues, which makes for a liquid market; and the modernization of the issue and distribution system. In January 1987, the government appointed 13 primary dealers to make markets in government bonds, which are issued at monthly auctions. Ten-year bonds such as the 9.7 percent 1997 and the 8¼ percent 1999 are among the most highly traded securities in Europe.

> The French stock market benefits from investor confidence in the economy.

While the French stock market benefits from investor confidence in the economy, it suffers because of a shortage of supply and a lack of liquidity. Since the crash of 1987 and President François Mitterrand's subsequent freeze on state sell-offs, new issues of equity have been few and far between. At the same time, and this is the key to the problem, the order-driven market, while efficient for medium-sized orders, has proven unsatisfactory for players dealing in large blocks.

Institutional investors, including French giants such as the Caisse des Dépots et Consignations, rather than wait while an agency broker tries to find a buyer in the market, will call London market makers who can give an immediate buy or sell price for large blocks.

Thus, in any given day, as much as a quarter of volume in blue chips, such as Peugeot and Michelin, are traded in London. This is not only embarrassing for the French — these are, after all, their companies — it is also expensive: Wholesale share trade is good business. Institutional trade represents no more than 20 percent of total orders on the bourse, while providing 80 percent of volume by value.

The traditional Paris broker, going to the marketplace to execute his order by open outcry, finds himself best able to do the business that offers the smallest margin. Given the present system of fixed commissions, in some cases doing small-order business can even involve a loss.

At the beginning of next month this will change. Brokers will be free to trade as market makers and will also be free to charge whatever they want for their services. This poses several problems. In the first place, the consensus view is that when the commission structure goes, it will be more expensive for small investors to pass an order. Estimates of the cost of executing an order range from 80 francs to 300 francs.

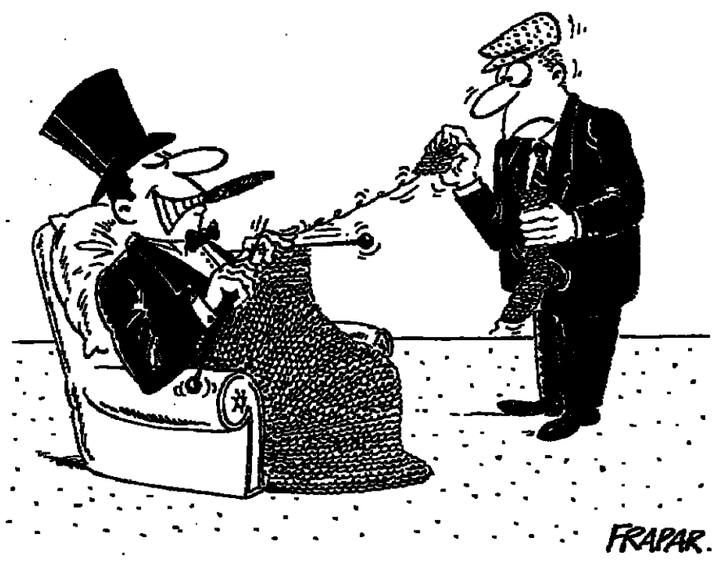
This means that the small investor, of whom there are approximately five million in France, wanting to sell his five Paribas shares — shares that he was encouraged to buy by the government at the time of the bank's privatization — will see his profits wiped out immediately. The effective suppression of popular capitalism is proving somewhat embarrassing for Finance Minister Pierre Bérégovoy, who wants to see the Bourse modernized but does not want to pay for it in votes.

His worries on this score were heightened in the spring when Gérard de la Martinière, the director general of the French brokers' association, the SBF, stated that "the Bourse is not made for the widow of Carpentras who would like to pass an order every 10 years" — the widow of Carpentras being the embodiment of the small shareholder.

This comment, and others like it, have led the Finance Ministry to put pressure on the broking community to come up with solutions to keep the Bourse open to the people. One such solution may involve the bundling of small clients' individual orders into batches. However, this would relegate the investor to the status of a unit trust holder, lumped together in an anonymous mass.

Problems also exist at the other end of the investor range. If, from the beginning of July, a broker with the status of "*contrepartie de bloc*" can quote a price directly to a client for orders above three million to five million francs, what will happen to the quality of prices in the central market?

To safeguard the price-forming mechanism, the authorities have introduced the concept of "*désintéressement*": A broker taking an order from a client will be obliged in the 10 minutes following to unwind the position in the central marketplace, thus contributing to liquidity. Any shares that cannot be bought or sold at the stipulated price can be dealt with from the broker's own book.



THERE IS a widespread belief among brokers that "*désintéressement*" will lead to all kinds of problems of control and will be susceptible to manipulation.

While it is not clear how the system will work, other worries relate to the potential for a price war in Paris similar to that experienced in London after Big Bang. Régis Rousselle, president of the SBF, believes that no more than 15 of the present 62 brokerages will be competitive at the European level. Less optimistic brokers think that figure might be nearer to half a dozen.

Another problem entailed by the move to market-making concerns the increased exposure of the brokers. Under the system of *agents de change*, or pure agency brokers, a system that dates back to Napoleon, each broker has joint and several unlimited liability for the mishaps of any colleague. Since banks and insurance companies have been allowed to buy participations in brokerages, some houses have asked why they should be expected to support the risk of smaller firms when they already have prudential arrangements for their own risk.

This kind of objection has led to the installation of a two-tier system, with an old-style crisis fund contributed to by all SBF members to cover minimum-risk business, and a system of prudential ratios applied individually based on the kind of business any given house undertakes.

Other recent significant developments have been in the area of transparency and market security.

Mr. Bérégovoy has been keen to increase the powers of the Commission des Opérations de Bourse, the stock exchange regulatory body, which has tended to be ineffective in the face of insider dealing and other forms of malpractice.

The Pechiney/American Can scandal at the beginning of the year would almost certainly not have come to light without the efforts of the Securities Exchange Commission on the other side of the Atlantic. However, since that case, reforms have been proposed that will increase the commission's resources and make it more independent of the government and professional lobbies.

GARY HUMPHREYS writes for Euromoney and Business International from Paris.

Franc Wins Credibility

Continued from page 19

compromising on a tough public sector pay policy and placing itself in the forefront of the debate on European Monetary Union.

The strength of the French economy is part of the reason for the greater assuredness of French politicians. The trade deficit appears to have peaked some time last year while further progress on narrowing the France-West Germany inflation differential is likely this year. With growth forecast to continue at a reasonable rate, investment set to rise sharply again this year and the real prospect of continued reduction of France's budget deficit, all the key fundamentals are pointing in the right direction.

So much has not escaped the attention of the foreign exchange markets. Since the middle of December, the franc has edged up from levels weaker than 3.42 to the mark to a strong point of 3.37 before easing back recently following the Bank of France's failure to follow the Bundesbank's half point hike in key official interest rates on April 21.

That was the second time this year the French have failed to follow a West German move. They earlier opted not to match Jan. 19's half point Bundesbank increase. Thus the gap on three-month Euro-deposit interest rates has eased to 1 7/8 at the end of last week from end-December's 3 1/8. French officials are loathe to raise interest rates for fear of stalling the recovery in French growth (3.6 percent in 1988) and reversing the downtrend in unemployment which still accounts for around 10 percent of the potential French work force.

Indeed, the French are likely to cut interest rates as soon as the franc threatens to move stronger than the 3.3539 per mark midpoint of its permitted EMS band to keep the momentum of the economy up and prevent any fall in competitiveness with West Germany through currency appreciation.

Evidence for this view came just a week before the most recent Bundesbank rate hike when Finance Minister Pierre Bérégovoy told Les Echos newspaper, "France is on the right road. I see our short and long term rates easing and I also note the franc is well-supported. This tendency which has yet to be consolidated, will make a new easing of rates possible."

More recently, the Bundesbank president, Karl Otto Poehl, in an interview with Le Monde on May 22 said the Deutsche mark's recent weakness against the dollar was in part due to the outflow of capital to France and asserted, "because of the stability that exists in the EMS, we should move towards a convergence of French and German interest rates."

The improvement in French fundamentals relative to those of West Germany suggest a short-term interest rate differential of closer to 1 percent than the current gap of nearly 2 percent will be sufficient to hold the franc steady within the lower half of its EMS fluctuation band by the end of this year.

The French trade deficit appears to have peaked in the second half of last year and is now set on a slowly improving trend with officials resigned to the fact that the large bilateral deficit on trade with West Germany is structural in nature and likely to require a long term re-equipment of French industry before it can be eroded.

INSEE, the national statistics institute, backtracked in its Spring Economic Review on a previous gloomy forecast that France's overall trade gap for the first half of this year would match the 22 billion franc deficit of the second half of last year. Cheered by a first quarter trade gap of just 3.8 billion francs, INSEE now expects the first half gap to be 10 to 15 billion francs — little changed from the 13 billion franc deficit of the first half of 1988.

ANALYSTS note that of the 6 billion franc rise in France's bilateral trade deficit with West Germany last year to 50 billion francs, 5.6 billion francs was due to an increase in the bilateral deficit on capital goods. French officials believe the overall bilateral deficit is unlikely to dip much for the foreseeable future given signs French firms intend to continue to upgrade capital investments before the formation of the single European market in 1992.

Meanwhile, trends in productivity and wage costs in West Germany and France suggest that there is likely to be little difference in the core inflation rates in the two economies this year. Slower investment growth means West German industry's productivity growth is following a trend of about 2 percent per annum, France's is closer to 3 percent.

Average wage growth in West Germany this year is likely to be around 3 percent while that in France could be 3.5 percent given signs private sector firms are willing to concede greater increases than has the public sector. That gives a slightly lower core inflation rate for France than West Germany.

As evidence mounts that French inflation — in April, it was 3.6 percent year on year — is set to match West Germany's 3 percent year-on-year, expect upward pressure on the franc to increase and the French-West German interest rate differential to ease.

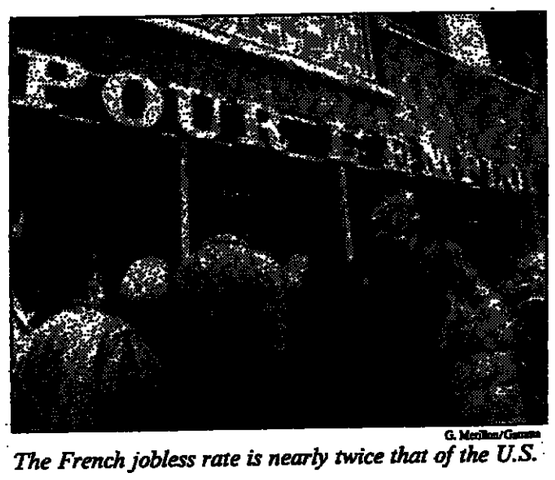
BRIAN MARTIN is editor of Euromoney's Treasury Report.

Despite Boom, Unemployment Remains Discouragingly High

By Madlyn Resener

PARIS — There is a lot of cheering in financial circles these days about the robust performance of France's economy. For a country that once lagged behind its European neighbors, last year's economic growth rate of 3.5 percent is encouraging indeed. With corporate profits at a 15-year high, strong exports, low unit labor costs and healthy consumption, French companies are in fighting shape for facing the opening European market of 1992.

There's just one perplexing question in this rosy picture: Why are there still 2.5 million unemployed workers in France? At 10.3 percent, France's unemployment rate is nearly double the 5.5 percent rate in the United States, and far outstrips Britain's 8.5 percent, West Germany's 6.2 percent and Japan's 2.5 percent.


G. Merillon/Gamma

The French jobless rate is nearly twice that of the U.S.

Although France's rate dipped slightly from a high of 10.5 percent last year — the first decline in 15 years — unemployment measured on a monthly basis bounced back up last December and again in April. And though a record 213,000 jobs were created last year, that was just barely enough to cover the new entries onto the job market. Economists say 300,000 new jobs a year are needed to make a dent in joblessness.

As recently as 1983, France's unemployment rate of 8.3 percent was a full four points below Britain's rate and compared favorably to other European countries and to the United States. In the late 1960s, the rate dipped to nearly 1 percent and the talk then was of a shortfall of manpower. But during the restructuring of French industry after the oil crises of the 1970s, the number of unemployed began creeping up again to disturbing levels, just as it did in other West European countries and the United States.

But from a high of 12.4 percent in 1983, Britain has managed to reduce its rate by four points. West Germany has sliced nearly two points off its high of 8 percent. The United States has done likewise, nearly halving its rate from 9.5 percent to 5.5 percent.

Only France has lagged behind; since 1983, its unemployment rate actually crept up two full points.

Economists and government officials alike say France's stubbornly high unemployment rate is first and foremost one of demographics. Unlike the United States, they say, where fewer "baby boomers" and women are entering the job market, France is still experiencing rapid growth in the number of youths and women seeking jobs each year, a phenomenon that swells the ranks of the unemployed. Over the past decade, some 200,000 new entries a year have been recorded — at a time when few jobs were being created.

Experts also note that France's economy has lagged behind other European countries and that the economic boom really only got under way last year, when the gross national product grew 3.3 percent. It is too early, they say, for this new economic strength to have resulted in the creation of a significant number of new jobs.

Exacerbating the problem is the lack of flexibility in French firing practices. Until 1986, company executives had to receive permission from the *Inspection du Travail* before laying off an employee, a practice that critics say discouraged companies from hiring new workers even when business was booming. Economists say still more flexibility is needed, including changes to encourage mobility of employees.

According to figures from the French Employers' Association, government control over layoffs is partly to blame for the fact that over the past two years, while the United States created 6.4 million jobs, West Germany 220,000, and Britain 600,000, France lost 350,000 jobs. Success in these countries, however, is also linked to a drop in the active population and stronger economic growth.

Finance Minister Pierre Bérégovoy recently said that reducing unemployment is a priority for the government, and he suggested that fiscal changes to facilitate mobility and hiring would be one approach. The problem is already being attacked on other fronts. Last fall, Employment Minister Jean-Pierre Soisson announced a budget of 10 billion francs ($1.66 billion) for 12 measures designed to create more jobs. They include incentives to encourage companies to hire unemployed workers; a reduction in employer-paid social charges, among the highest in Europe; and more money for company training programs.

The government hopes to reduce the cost of employment by transferring some of the social charges paid by the employer to the state, and by providing more financial aid to companies to retrain employees, according to Jean-Louis Dayan, a technical adviser to Mr. Soisson. Officials are also focusing on improving the quality of training in state programs and on finding ways to secure jobs for unemployed workers over 50 — there are nearly 400,000 in France — in local government organizations.

France's unions say these measures do more to help businesses than to create stable, full-time jobs. "It's a palliative," says a spokeswoman for Force Ouvrière, the union representing French civil servants and other workers. Such measures make it easier for companies to hire workers on a temporary or part-time basis, thus creating jobs that are more precarious, she observes.

Experts say the real problem lies in retraining the workers laid off from jobs in traditional industry in the early 1980s for new, high-tech jobs. "The new jobs being created aren't going to the unemployed," says Mr. Dayan. According to Michel Develle, chief economist at Banque Paribas, France will find jobs for just 40,000 of its 2.5 million unemployed.

The early results for 1989 are encouraging. The government statistical institute, INSEE, estimates that 115,000 new jobs were created in the first half of the year, an estimate Mr. Develle regards as too conservative; he predicts a total of 250,000 jobs by the year's end. But that is not likely to reduce the rate. As Mr. Dayan points out, the positive economic picture tends to draw the "discouraged unemployed" back into the job market, thus inflating the number of officially registered unemployed.

If the French economy continues to grow at the current pace, small and medium-size businesses in particular will become less reluctant to hire new workers. "We have to be patient," explains Mr. Develle. "With time, and if over the next five years the economy continues to grow at 3 percent a year, unemployment will decline." But he admits it is unrealistic to count on this rate of economic growth.

Observers say more radical approaches to joblessness may be needed, such as a cut in the minimum wage. It is difficult to imagine the current Socialist administration proposing such a move. But "this is the government that lifted price controls," says Mr. Develle, "so anything is possible."

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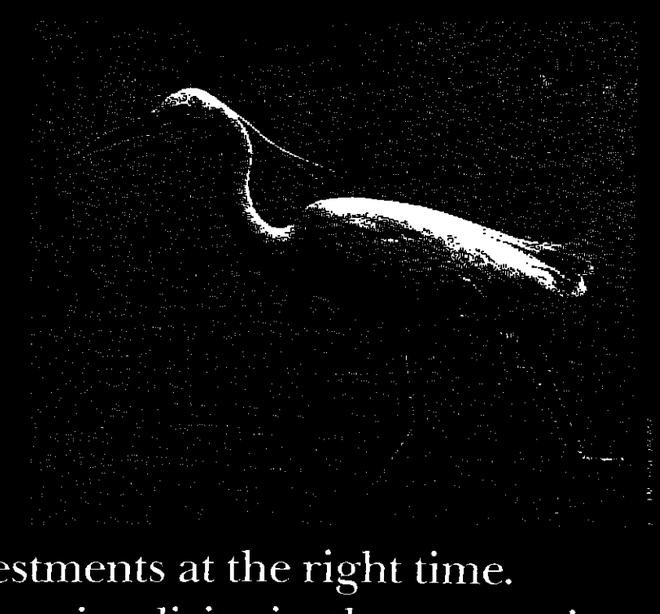

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OUR BUSINESS: CORPORATE BANKING

Tourism No Longer Taken for Granted

By Susan Sachs

PARIS — The people who depend on tourism in France used to take it for granted that business would grow, slowly but steadily, every year.

"The attitude was that France was the best and most beautiful, so why bother to do anything special," said Jean-Philippe Perol, marketing director for Maison de la France, the government's tourism promotion agency.

But when a rash of terrorist bombings scared away big-spending American tourists in 1986, the French were jolted out of complacency.

This year, as foreign visitors again arrive in record numbers, the French tourism industry is undergoing a realignment. At home, a wave of mergers has created travel companies that rank among the world's largest. Abroad, spending by the government and private sector on advertising has more than tripled in the space of one year.

"Tourism in France used to be considered a marginal activity, something on the fringe," said Tourism Minister Olivier Stirn. "Now it's being taken seriously inside and outside the government. People are beginning to understand that it is a major growth industry."

Mr. Stirn's cabinet-level post is one example of the changing attitude. Until last August, the industry was represented only by a junior minister, or secretary of state.

The extra prestige and political clout, Mr. Stirn said, reflect a new awareness of tourism's economic importance. According to the government, it produces more revenue than agriculture, employs more than 600,000 people and has grown faster than the gross national product.

French vacationers still generate most of the business. Only 15 percent spend their holidays outside the country. The rest travel to the sea, the mountains and to second homes in the country, where they spent $60 billion last year.

After a precipitous fall in 1986 and part of 1987, foreign tourism has recovered. Last year, a reported 38 million foreigners visited France, more than were received by any other country outside of the United States and Spain. Led by Americans and Japanese, they spent $12.5 billion, the government said.

This year, with all the media attention on the bicentennial of the French Revolution, tourism is booming. Nationwide, more than 42 million visitors are expected. The Paris tourist office reported a 45 percent increase in tourists between January and April over the same period last year.

The summer months may break all records, especially when the millions of people attending the bicentennial celebrations, an international radiologists' convention and the Group of Seven economic summit meeting all converge on Paris in mid-July.

C.G. Caple/International Herald Tribune

Efforts to lure tourists to France are being coordinated and intensified; record numbers are expected this year.

Meanwhile, the government has taken a more active role lately to encourage tourism.

It has dropped visa requirements for West European, Canadian and Japanese tourists and will drop them for U.S. visitors starting July 1. The value-added tax on hotels and travel agencies has been reduced, although France's VAT rates on other services such as car rentals remain the highest in the European Community.

More significantly, in one year the government doubled the budget of its main promotional arm, Maison de la France, to $10 million. The money was split between traditional promotion activities and a new eight-country advertising campaign.

The first step, however, was to convince private companies to join the state-owned railway and airlines in contributing to the campaign. Eventually, they contributed another $7.5 million for ads.

"We really hadn't done any advertising before," said Mr. Perol, who oversees the marketing program. "The problem wasn't so much convincing the industry to pay for the ads, but convincing them that advertising works."

A slightly different campaign was launched in each country and, in the first attempt to target its tourism promotion, two-thirds of the money was spent on individual campaigns for the U.S. and Japanese markets.

To dispel the American belief that France is unfriendly and expensive, for example, one set of ads guaranteed that the prices of a group of participating hotels would not change, in terms of U.S. dollars, even if the dollar fell in value against the French franc. Ads in Japan aimed for an avant-garde image, emphasizing France's high-speed train and the new Louvre pyramid.

> At home, a wave of mergers has created travel companies that rank among the world's largest. Abroad, spending by the government and private sector on advertising has more than tripled in the space of one year.

Mr. Perol said the agency has decided to ask for new bids this year from ad agencies, although the themes may not change much.

"We don't need to create a new image for France, but to develop the image by accenting points that are new or changing those that are negative," said Mr. Perol.

French merchants and tourist businesses are beginning to do their own promotion. Faced with the flood of Japanese tourists in the past year, for example, the Cordon Bleu and Ritz-Escoffier schools in Paris now offer half-day cooking demonstrations complete with a Japanese translator.

Luxury-goods stores like Cartier and Chanel have Japanese-speaking sales personnel, and the Cognac region's chamber of commerce is offering Japanese lessons for employees of the local producers.

The Tourism Ministry encourages these signs of aggressiveness. Mr. Stirn said he has been pressing the French travel industry to become more competitive in the face of the growth of the leading West German and British tour companies.

Last month, France's biggest and oldest tour operator, Club Méditerranée, announced it was joining forces with Nouvelles Frontières, which sells discount airline seats and package holidays. Together, they are the fourth largest tour operator in the world and the third largest in Europe.

Earlier, two of France's biggest travel agencies, Havas Tourisme and Wagons-Lits, announced a merger that makes them the third largest travel agency in the world. And three companies — the Air France affiliate Sotair, Fram travel agency and the state railroad's Frantour — said that they have signed a cooperative distribution agreement for selling their products.

"I'm trying to mobilize the government," Mr. Stirn said. "The industry itself is willing to invest more and more because it sees that tourism is profitable. France is accelerating quickly now and the expansion will continue."

SUSAN SACHS is a journalist based in Paris.

Fighting Issues: Wine Labeling and Content

By Gary Humphreys

PARIS — One might be forgiven for thinking that most European Community business boils down to questions of tax alignment. The European wine industry, for example, is characterized by a wide variety of VAT and excise levels.

For example, the Irish pay excise of 17.7 French francs ($2.60) per liter of wine and 25 percent value-added tax, the Danes pay 20.6 francs per liter and 22 percent VAT, while the Portuguese, Greeks, Italians, Spanish and Germans pay nothing in excise and only moderate levels of VAT.

These differences are sufficient to cause committees in Brussels to break up in disarray. And for the French winegrower, the issues are more deeply rooted.

Tax alignment, in the view of George Vabre, general secretary of the National Association of French Table Wines, is only a matter of time. "If Mrs. Thatcher insists on keeping excise at 9.4 francs per liter after 1992, but permits the suppression of customs officers at frontiers, the market will do the rest. There will be hundreds of bottling plants at Calais, and pretty soon the U.K. wine dealers will be out of business," he said.

According to Mr. Vabre, VAT is even less of a problem as far as wine is concerned. Alignment of VAT at around 14 percent, which the European Commission recommends, will increase the cost to the consumer in countries like Greece and Portugal and thus reduce demand. At the same time, however, it will put wine within the reach of more consumers in the northern states, thus compensating in export sales.

More than taxes, it is such matters as labeling and sugaring that cause an outcry from the French.

Labeling chiefly concerns the French producers of table wines, that is, ordinary wines produced cheaply in large quantities. These producers say that poor quality Italian wine is seeping into the French market camouflaged by misleading labels. The unsuspecting French consumer buys a bottle labeled *vin de table*, assuming that it is French, and fails to see the small print that states that the bottle contains a mixture of wines from several European countries.

The French argue that this is the only way that the Italians can sell their table wine, which would otherwise be left on the shelf.

"Bottles marked *vin de table d'Italie* are not a commercial proposition" said an irate Paris expert, explaining that Italian growers, particularly south of Rome and in Sicily, have favored volume — in order to pick up the European Community subsidies — over quality.

While the French grievance has grounds, recent history puts the current animosity in a more complete context. In the first flush of enthusiasm for the Common Agricultural Policy, French producers felt that they would be able to sell their surplus to the rest of the community. Indeed, in the 1960s, France's exports of wine to other EC countries doubled for the high quality *appellation d'origine contrôlée* wines and increased fivefold for the lower grade table wines.

It soon became apparent that the Italians benefited even more from the policy. A rising tide of cheaper, more robust Italian wines began to flood France's market. This led to considerable unrest in the Languedoc, one of the centers for the production of table wine. The issue came to a head in 1975 and 1976, and peaked with the death of a farmer and a policeman in disturbances near Narbonne.

Since then the French have sought other solutions, replanting vineyards with fruit and vegetable crops. It is because of this effort to reduce surpluses and diversify that the French react so strongly to what they see as the covert importation of Italian wine.

> One of the biggest threats is Spain's entry into the market, with its vast potential for the production of table wine.

However, even if the French prevail in the matter of labeling, 1992 is unlikely to see an improvement in the sales of their table wine. Apart from changes in taxation, the biggest threat posed by the completion of the internal market is Spain's entry, with its vast potential for the production of table wine.

Mr. Vabre said that "Spain is the biggest winegrower in the world, with an area of 1.6 million hectares under cultivation, compared with 1 million for Italy and 980,000 hectares for France." (One million hectares is equivalent to 2.5 million acres.) As yet, Spain has not realized its full potential, yielding roughly a third of what Italy and France produce per hectare.

"The danger is that Spain will increase its output considerably with what are very simple technical improvements," Mr. Vabre said.

Agreements reached in Dublin put a limit on the Spanish output, but such agreements have been broken before.

There is also concern that Brussels is too willing to accommodate the views of the Mediterranean countries in matters of product specification.

So far, when it comes to *sucrage* — the practice of adding sugar to wine to boost its alcohol content — the Mediterranean countries have had a sympathetic hearing of their call for a ban. Wine, they argue, should be made with grapes and nothing else. This is an area of particular sensitivity as it touches on the production of some of the greatest French wines.

However, whatever rules Brussels comes up with on what is or is not wine, the French are likely to carry on regardless.

"Let's imagine they say that Bordeaux doesn't meet the their specifications and so cannot be called wine," Mr. Vabre said. "We will say, OK, it's not wine, it's Bordeaux — and that will not stop us from selling it all over the world."

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FIM COMMUNICATION

M&A Activity Increases by 85 Percent

By Madlyn Resener

PARIS — When Boulet Dru Dupuy Petit SA, France's fifth-ranked advertising agency, announced last March that it was making a hostile bid to acquire Boase Massimi Pollitt PLC, the sixth largest ad agency in Britain, many observers thought the French agency was just making a promotional splash.

But when Jean-Claude Boulet, co-founder and president of the group, revealed that he had lined up 1.2 billion francs ($1.79 million) in bank financing, the skeptics were forced to take a second look.

In the end, BDDP lost out to the U.S. advertising giant Omnicom, but its bid for BMP points up the new aggressiveness among France's most dynamic companies and the fact that the mergers and acquisitions trend has finally taken root in France. According to P.F. Publications, a Paris-based concern that tracks mergers and acquisitions, the total volume of M&A activity in France last year soared to 306 billion francs, an 85 percent increase over 1987, for a record 1,053 transactions.

The pace this year has quickened. During the first two months of 1989, P.F. Publications recorded a 32 percent increase in deals.

Why the sudden frenzy of activity?

"It's partly *l'air du temps*," said Jean-Claude Haas, a general partner at Lazard Frères, France's leading bank in M&A activity. "But another explanation is that French companies haven't yet reached a European dimension. And since their profit margins are now very high, gains in productivity can only come from the economies of scale that result from a merger or acquisition."

Other reasons, according to Didier Martin, an analyst at P.F. Publications, include the relatively low prices of French companies on the Paris Bourse following the October 1987 crash and the strong investment muscle of French firms as a result of record profits. Several legal changes also encouraged mergers and acquisitions last year.

Most of these deals remain friendly takeovers, however. Framatome's hostile bid for Télémécanique Electrique, which it lost to Schneider, was an exception last year. "I don't think unfriendly bids will take root in France," said Mr. Haas. "The French business world is still a small old boy's club. The chemistry of social relations among business leaders doesn't lend itself to hostile takeovers."

American-style junk bonds remain virtually unknown in France. Mr. Haas noted that French businesses that are too small to go onto the bond market find it relatively easy to obtain bank credit.

Others see potential for a junk-bond market developing in France. Nicolas Pourcelet, who works in the M&A department of Drexel Burnham Lambert, said, "Europe in general is a burgeoning market for mezzanine debt because of 1992 and because of the liquidity here."

As for BDDP, 20 percent of the financing of its takeover bid would have come from junk bonds. "We're one of the first firms in France to use innovative financing," said Nicholas V. Baum, managing director of the group's international operations. "One of the strengths of BDDP is that we control 89 percent of the capital, and we put a high premium on retaining a large percentage of the capital." Though the package contained innovative elements, it was not highly leveraged by U.S. standards, Mr. Baum said.

Obscuring the outlook for M&A activity this year is the impact of new legislation proposed by Finance Minister Pierre Bérégovoy. The new law would reinforce the powers of the Commission des Opérations de la Bourse, the stock market watchdog organization, to crack down on suspected insider trading by stiffening fines.

It would also give majority shareholders new defenses. Other changes already adopted by the Conseil des Bourses en Valeurs, a regulatory agency, include a requirement that a company that has acquired 33 percent of another company make a full takeover bid for at least 66 percent.

Observers say the law, which is expected to be adopted by the National Assembly this summer, will encourage M&A activity by making full takeover bids the only way to acquire a French company. But the changes will also discourage raiders looking for a 51 percent controlling share.

Growth, Wage Controls Aid Recovery

Continued from page 19

between 1985 and 1988, the highest rate of any major industrialized country except Japan.

But, as Finance Minister Pierre Bérégovoy is the first to admit, the generally bright picture remains clouded by two major black spots: Despite the increase in exports, France's trading performance is still riddled with problems, and stronger growth has not yet begun to make a serious dent in the country's high levels of unemployment.

Few analysts believe that either of these problems can be solved quickly. With the recent deterioration of the country's industrial trade balance, and the decline in its share of world markets, France's foreign trade situation is "still precarious," the OECD said. On the job front, it remarked, "the present pace of recovery would seem to be only barely sufficient to stabilize unemployment."

Although the double-digit unemployment rate dipped slightly in 1988, it remains one of the highest among the leading industrialized countries. Most forecasts are that it will inch up again this year and next.

More generally, there are fears, reflected in public opinion polls, that the country may not be ready to compete in the bracing climate of the European Community's post-1992 single market.

Economists point out that while the French manufacturing industry recorded an impressive 5.1 percent increase in industrial production last year, that was still only around the EC average. It was considerably less, for example, than the 7.1 percent achieved in Britain and the 6.2 percent in Italy.

France's situation today is "ambivalent," said François Perigot, the president of the Patronat. While the country's economic strategy had incontestably succeeded, its industrial structure still lagged well behind those of its foreign competitors, "whose dynamism was awakened earlier."

Nevertheless, the rumbling malaise that led the French to talk constantly of a "crisis" in their affairs earlier in the 1980s has long since receded. And increasingly, France's performance is showing up well in the comparisons it likes to make with West Germany.

> Today's trade deficit 'reflects the sins of the past.'

"The most important point today is that for the first time since exchange rates started floating in the early 1970s, the idea of a fixed parity between the franc and the Deutsche mark is plausible," Mr. Potts said.

"France has decided to become a fixed member of the Deutsche mark bloc, which implies acceptance of West German monetary policy and all that goes with it," he said. "The story of the French economy over the last two years is the gradual increase in credibility of the link with the mark."

Reinforcing that credibility, the gap between the French and West German inflation rates — one of the French government's favorite indicators — has narrowed from almost seven points at the start of the decade to 1.5 points at the end of last year. Most economists believe the differential will narrow further this year.

At the same time, Mr. Horne said, wages in French manufacturing industry have been rising more slowly than in West Germany and French productivity growth has been higher.

"The French have been beating West Germany in labor-cost comparisons for two and a half years," Mr. Horne said. "The French are probably gaining market share in the EC and outside it at the expense of Germany."

But while the French had done an "outstanding job" in controlling labor costs, they had still not introduced sufficient variety or high enough quality into their products, Mr. Horne said. "Today's trade deficit does reflect the sins of the past," he added.

Numerous studies suggest that French industry is still not specializing enough, has a hard time adapting to quickly changing markets and is still paying the penalty for its heavy past dependence on big export projects in Africa, the Middle East and Latin America, where demand has now shrunk or evaporated.

Many French economists and politicians are looking to the blast of competition from the EC's single market to help blow away these cobwebs.

Meanwhile, economists are virtually unanimously agreed that the government's prime concern must be to avoid a rash of wage increases that could endanger much of the progress achieved over the last few years.

Inspired, perhaps, by the summer's revolutionary celebrations, workers can be expected to demand a greater share of the nation's wealth this autumn. The government is likely to argue, however, along with the OECD and other economists, that it would be madness to abandon the country's long-haul recovery program just as it is beginning to bear such good fruit.

REGINALD DALE is the International Herald Tribune's economics correspondent.

EUROPE: WHERE IMAGINATION WORKS WONDERS

A NUMBER OF YEARS AGO A FEW MEN IMAGINED A NEW EUROPE... TODAY THAT'S A REALITY! THROUGHOUT HISTORY IMAGINATION HAS PLAYED AN IMPORTANT PART IN THE DEVELOPMENT AND THE SUCCESS OF EUROPE. EVERYDAY THOSE WHO DREAM SEE FRUITION OF THEIR EFFORTS. IN THE TECHNOLOGICAL WORLD, EUROPE CREATIVELY CONTRIBUTES IN ALMOST EVERY SECTOR. WITH THE COOPERATION OF 11 NATIONS. WE AT AEROSPATIALE PLAY OUR PART IN LETTING OUR IMAGINATION SOAR AND TAKE PRIDE IN EACH ADDITION TO THE LONG LIST OF INTERNATIONAL AIRLINES THAT HAVE CHOSEN AIRBUS AND ATR FOR THEIR FLEETS. WE ARE ENTHUSIASTIC ABOUT THE TECHNOLOGICAL INNOVATIONS THAT ARE LEADING US CLOSER TO THE LAUNCH OF HERMES, AND ARE PROUD OF OUR IMPORTANT ROLE IN DEFENCE OF THE GROWING NUMBER OF MULTIPURPOSE SATELLITES LAUNCHED BY ARIANE, AND OF THE DEVELOPMENTS OF THE NEW HAP/HAC AND NH-90 HELICOPTERS FOR AEROSPATIALE AND ITS PARTNERS. THE EUROPE OF TOMORROW IS AS WIDE AS BIG - AS LONG - AS OUR IMAGINATION WILL TAKE US.

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SPORTS

Dennis Burkons/The Associated Press

Fans reaching out to touch Dennis Rodman of the Detroit Pistons as the NBA champions arrived home Wednesday at a local airport.

With 'Bad Boys,' Good Days for Detroit

By William E. Schmidt
New York Times Service

DETROIT — Nearly 2,000 fans waited in rain at nearby Willow Run Airport on Wednesday to welcome home the champion Detroit Pistons, whose triumph as the "bad boys" of professional basketball is making this working-class city feel positively good about itself.

By sweeping the Los Angeles Lakers in four games in the National Basketball Association finals, the Pistons not only brought home Detroit's first basketball championship ever, but touched off delirium among defiant fans who say the Pistons, like Detroit itself, are long overdue for some respect.

"Face it, Detroit has a bad image it doesn't deserve, and neither did the Pistons," said Tim Allison, a refrigeration worker who stood in line with hundreds of other people outside the Palace, the Pistons' stadium, in suburban Auburn Hills, to buy a $15 souvenir T-shirt.

"Now look who the good guys are," he said. "The Detroit Pistons are, because they are the best in the world."

Debrah Hayes of Oak Park put it another way: "Detroit never gets credit for anything. But the Pistons did it their way. Detroit is the champion."

By beating the Lakers, 105-97, Tuesday night, the franchise, which began in Fort Wayne, Indiana, in 1948 and moved to Detroit in 1957, won the championship for the first time.

The championship was the first professional crown for the city since 1984, when the Detroit Tigers won the World Series. Many fans boasted that the Pistons' victory now made the state of Michigan the nation's basketball capital, because the University of Michigan won the National Collegiate Athletic Association title in April.

It is a measure of the affection that the team commands in the nation's sixth largest city that more than 21,500 people — 4,000 more than were inside the Forum in Los Angeles — paid $3 apiece Tuesday night to jam the Palace in order to watch the game on the arena's television system.

Thousands more poured into the streets of Detroit following the victory, blocking traffic in celebrations that continued in several parts of the city until nearly dawn. The police said some arrests were made as a result of vandalism, including some brick and bottle throwing aimed at police cars and one city bus.

There were no injuries, and the demonstrations were not nearly on the scale as those that followed the 1984 World Series, when fans battled the police and set a police car afire outside Tiger Stadium.

Fans, including some who had been waiting all night, knocked down barricades and rushed to surround team members when the team's private plane, Roundball One, touched down in drizzle at Willow Run Airport.

The city's official celebration will be Thursday, when the Pistons will ride through downtown on floats, accompanied by high school bands, cheerleaders and the Detroit Police Color Guard. Later, there will be a rally outside the Palace.

The Pistons, like many of the most successful sports franchises, have a visceral link with their fans, who seemed to revel in the team's tough, hard-knuckled style of play.

In a characterization popular in recent days, a commentator on Detroit radio station WWJ described the team as "a tough-as-nails bunch in a tough-as-nails shot-and-beer city."

NBA Expansion Teams Set for Draft

The Associated Press

NEW YORK — Orlando was to make the first pick in the NBA expansion draft Thursday night, and the Magic had the chance to select something rather than someone — a No. 1 pick in the college draft.

The Magic were to select first Thursday night, with the league's other new entrant, the Minnesota Timberwolves, picking second. In the June 27 college draft, the Timberwolves will have the 10th pick with the Magic selecting next.

Orlando general manager Pat Williams said his team took the first pick in the expansion draft with an eye toward a trade. He said he expects to hear from a number of clubs and likely would ask for a No. 1 draft choice in the college draft in exchange for not selecting certain players.

VANTAGE POINT/George Vecsey

Abdul-Jabbar: Bye to the Big Fella

New York Times Service

INGLEWOOD, California — Nice touch in the Forum. The Big Fella came off for the last time with 19 seconds left, and the spotlights flashed on the championship banners, and the fans stood and cheered.

Even most of the Detroit Pistons stopped chanting "Bad Boys," their nom de hoop, and clapped for the Big Fella. And the fans gave a standing ovation for Kareem Abdul-Jabbar's last appearance in gold satin shorts.

For a few moments, it almost seemed the Angelenos were into something mischievous: If we keep cheering, they can't continue the game, and we don't have to surrender the title to these ruffians.

In New York or Boston or Philadelphia, the fans would have seized the time, taken over the joint, but in Los Angeles, everything is cool. The vestigial New Yorker in the Big Fella might have appreciated a little friendly takeover, not a sitdown but a clap-in, the way people used to do it in the '60s.

The '60s. For most of the players in the National Basketball Association, the '60s were when their moms told them, "Michael (or Dominique, or Isiah, or Kiki, or Fennis), you eat your cereal so you can grow up big and tall," which, Lord knows, they certainly did.

Until Tuesday night, professional basketball still had a player who had become a man in the '60s. To watch Kareem Abdul-Jabbar these past months was not just to observe a geriatric marvel with a sky hook but also to witness a quarter of a century of American history romping past.

We all know there will never be a basketball player like Kareem. Three national titles at UCLA under the name of Lew Alcindor. Six pro championships. Forty records. And at the age of 42, the oldest man ever to play this young man's game.

For a long time, he was a supple 7-foot-2-inch (2.18-meter) giant who probably could have played backcourt but was more valuable shooting that arm-elevated, manbrushes-cobweb-off-ceiling shot, only in his case, downward, toward the basket.

In his youth he had hair and a Christian name and a suspicious scowl that went with the decade. But by his athletic old age he had become an amiable gent with a shaven cranium and a Muslim name and an intense stare. When he was 41, they lobbed him the ball and said, "Here, Big Fella, get us out of this," which he did.

This year he reported for his Farewell Tour looking creaky, a step slower, the body forgetting what the mind knew. But his pride forced him to get in shape, and they would have gone to him again in the final round except that Mrs. Johnson's son, Earvin, pulled a hamstring.

Let's look at what the Big Fella did. He not only played with style and skill for 20 pro seasons, he also taught us a bit about the diversity of America.

In the same week that a 17-year-old American named Chang won the French Open tennis title with poise and dignity, a 42-year-old American named Abdul-Jabbar retired as the greatest scorer in basketball. Kareem and Muhammad Ali taught us that an athlete could change his religion, and his name, and the entire country would not come tumbling down.

Look where the man with the goggles has been. Pick up a copy of "Giant Steps," his autobiography. Flip through the pages and watch the images:

Harlem. The Cloisters. St. Jude's School. Power Memorial High. The Old Garden. Encountering Jim Crow in North Carolina. Harold, who robbed gas stations, who is dead now. Birmingham Sunday, 1963. The memory of a coach calling him "nigger" to fire him up for a big game. HARYOUACT. Books by Langston Hughes and Ralph Ellison. Riots. Wilt. Wilt's girlfriends. Wilt's record collection. Joints in Central Park before home room.

John Wooden. Westwood. Surfers. Dorm life. English Composition. History of the Theater. Thelonious Monk. A classmate named Lynn whom he remembers to this day as Miss Wonderful. Malcolm X. Elvin Hayes. The Astrodome. Sunni Muslims.

Milwaukee Bucks. Sportswriters ("wheedlers, little guys who derived great satisfaction from tweaking the tiger's whiskers.") Oscar Robertson. Champions. Name change: Kareem ("generous") Abdul ("servant of Allah") Jabbar ("powerful"). Friends dying in Vietnam or from Vietnam. Afros. Long hair.

A murder in a home he had lent to Muslim friends. Breakup of his marriage. Deal with the Knicks fell through. The Lakers, second choice. Broken fist, fighting Kent Benson. New teammate named Magic. More championships.

In recent years, Kareem has fathered a son, seen a long relationship break up, had his house burn down, accused an agent of losing millions of dollars in investments, watched the NBA become big time while he became an icon with a sky hook.

If the fans in the Forum had any East Coast mania, they'd still be filibustering the Bad Boys, still saying goodbye to the Big Fella.

SIDELINES

NCAA Bans Georgia Tech Tennis

MISSION, Kansas (AP) — The National Collegiate Athletic Association has declared Georgia Tech ineligible to compete in the NCAA Division I men's tennis championships next year because of illegal payments made to players during the past three years.

But on Wednesday the NCAA also suspended a two-year probationary period it had ordered because of corrective actions taken by the university. The university began its own investigation in January 1988 after a tennis player reported receiving improper financial assistance from the head tennis coach. The university eventually reported 23 violations to the NCAA, including payments and extra benefits to players totaling at least $20,000.

The tennis coach, Gery Groslimond, resigned at the beginning of the investigation. Georgia Tech has obtained repayment from tennis players for all improper payments.

Dispute Over Leonard-Hearns Is Fatal

MANILA (AFP) — The Sugar Ray Leonard-Thomas Hearns "war" claimed two casualties in the Philippines following a dispute over who really won Tuesday's fight, a newspaper reported Thursday.

Rolando Villanueva was stabbed to death and his friend, Diosisio Simbajon, was critically injured by several friends during a brawl sparked by the super-middleweight championship bout, the Manila Standard said. The fight officially ended in a draw.

Czech Hockey Player Said to Defect

TORONTO (AP) — Robert Holik, an 18-year-old left wing with Czechoslovakia's national hockey team, is believed to have defected to the United States with the hope of joining the Minnesota North Stars of the National Hockey League, according to a newspaper report published here Thursday.

"The question of the day is: Where is Robert Holik?" the Toronto Star quoted an unidentified NHL executive who is attending the league meetings in Minneapolis. The meetings will be capped on Saturday by the annual entry draft.

The North Stars coach, Pierre Page, said he knew nothing about the report.

For the Record

Spanish boxer Poli Diaz stopped Danish challenger Bo Jacobsen with a right hook in the sixth round to retain his European lightweight title on Wednesday in Madrid. *(Reuters)*

Karl-Heinz Rummenigge, 34, the former West German soccer captain, ended his career on Wednesday, scoring his 313th goal in 15 years as a player. He scored the opening goal for Servette Geneva in a 4-2 victory over Bellinzona in Geneva. *(Reuters)*

BOOKS

ORDERS FROM FRANCE: The Americans and the French in a Revolutionary World, 1780-1820

By Roger G. Kennedy. 527 pages. $39.95. Alfred A. Knopf, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by A.J. Langguth

"ORDERS From France" is a beguiling jumble of a book, which comes as no surprise since its author, Roger G. Kennedy, presides over the museum that has been called "America's Attic."

Kennedy leads us through some of the repercussions of the French Revolution, especially as they were felt on American shores. Along the way, he points out his favorite architects of the era and the financiers who underwrote their buildings. The book is lavishly illustrated.

As director of the Smithsonian Institution's National Museum of American History for the last 10 years, Kennedy has shown an eclectic taste, acquiring Ann Miller's tap shoes, the Jarvik 7 artificial heart and original pieces of the Brooklyn Bridge. His passion for buildings and their creators is so contagious that men like Benjamin Henry Latrobe and Joseph-Jacques Ramée come to seem like the real heroes of the epoch and Robespierre and Napoléon mere spear carriers.

But organization is low among Kennedy's priorities. In his opening pages, he whets our interest in Latrobe and then passes on blithely to a discussion of French neoclassicism. That is quickly dropped for a digression — the first of the several hundred more to come — on the blue of the iris in the fleur-de-lis. At that point, we recognize that we are in the hands of a compulsive guide who must point out every detail that has caught his eye.

If, like me, you weren't familiar with an Italian adventuress who called herself Ameriga (christened Elena) Vespucci, she is a woman difficult to forget after Kennedy's introduction. With pale skin, a superb figure, cascading dark hair and a dainty scar on her face — the result, she claimed, of fighting beside her husband on the French barricades — she sailed to America, where she ran up a string of conquests. They included the banker Nicholas Biddle, who tried to persuade the U.S. Congress to appropriate funds for her, and "Prince John" Van Buren, son of the president, who subsequently seems to have lost her at cards to a New Yorker bachelor named George Parish.

George's uncle, David Parish, turns out to be one of the book's leading architectural patrons, wandering in and out of a hundred or so pages before committing suicide.

The killing of Alexander Hamilton in their duel in 1804 had left Aaron Burr with an unsavory reputation that his later maneuvers along the Mexican border did nothing to improve. Kennedy chooses to portray Burr as something of an innocent led astray by rascally companions, and to do that means picking a quarrel with the idolators of Burr's enemy, Thomas Jefferson. Kennedy rises to the challenge, presenting Jefferson as uncertain and duplicitous in his politics.

It's doubly unexpected, then, to arrive at the book's coda and find that Kennedy's most sustained and lyrical writing involves Jefferson, not as a politician but as a lover of architecture. By this time, Kennedy has already brought us, panting, to the presidency of Andrew Jackson. Now he circles back to that time in Paris when Jefferson as a 44-year-old widower became infatuated with Maria Cosway, whose older husband was always looking for ways to exploit her allure. Because Jefferson and Cosway met in the Paris grain market, the Halle aux Blés, Kennedy argues that Jefferson was fascinated forever afterward by the dome and skylights he remembered from the market.

A.J. Langguth is the author of "Patriots: The Men Who Started the American Revolution." He wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THE biggest sporting event in the world, in terms of official participation, is the Epson Worldwide Bridge Contest. The fourth Epson, which began last week, is expected to break the records set last year, when 84,352 contestants in 94 countries took part. All the players around the world face the same deals, and receive identical predetermined matchpoints for identical results. Most North-South players struggled in four hearts on the diagramed deal played a year ago, but a few ventured three notrump. In Paris, where the Epson is brilliantly organized by José Damiani, the auction went as shown. Faced with a choice between the black suits, Ludovic Couturier as West hit on the club four as his opening lead. A routine third-hand play of the queen would have been fatal. South would probably have made 10 tricks and scored 83 match points out of a possible 100. But the East player, Michel Bronoël, played the dence, an encouraging card in his style. When South won, he crossed to the diamond king and led a heart to the jack, losing to the king. West continued clubs, and South wound up down two when he saved hearts. The defenders scored 88 match points out of a possible 100.

NORTH(D)
♠954
♡Q42
◇AKJ8
♣1087

WEST
♠J7
♡K1097
◇Q642
♣A43

EAST(D)
♠K832
♡3
◇753
♣Q9652

SOUTH
♠AQ106
♡AJ865
◇109
♣KJ

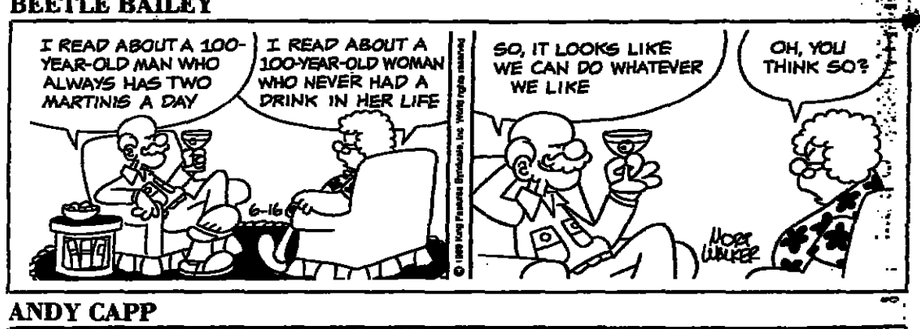
Both sides were vulnerable. The bidding:

North	East	South	West
Pass	Pass	1♡	Pass
2◇	Pass	2N.T.	Pass
3N.T.	Pass	Pass	Pass

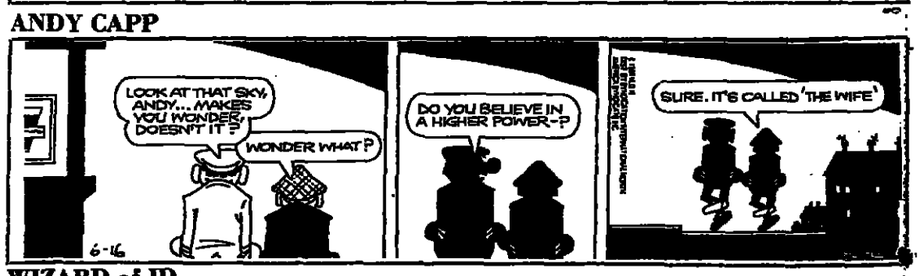
West led the club four.

PEANUTS

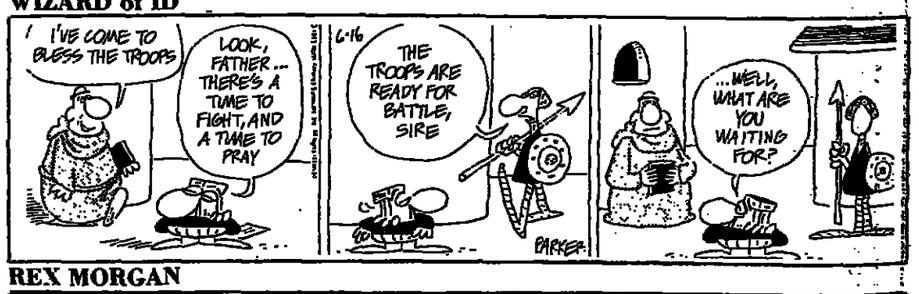
BEETLE BAILEY



ANDY CAPP



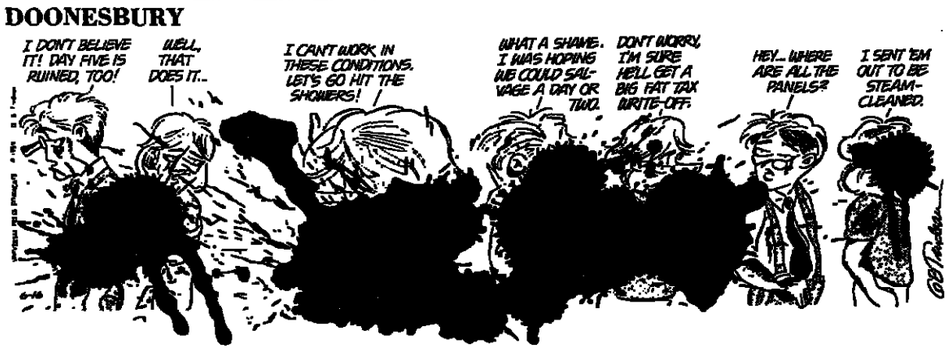
WIZARD of ID



REX MORGAN

GARFIELD

DOONESBURY



BLONDIE

DENNIS THE MENACE

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ANUDT
CHOAV
SISALA
GLACEY

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: _____ _____

(Answers tomorrow)

Yesterday's Jumbles: CHAFE DANDY MILDEW PAGODA
Answer: A complaint that usually comes from sour grapes—A "WHINE"

SPORTS

Rain Adds to the Course Perils As Golfers Tee Off at U.S. Open

Compiled by Our Staff From Dispatches

PITTSFORD, NEW YORK — Golfers teed off Thursday morning for the 89th U.S. Open in soggy, difficult conditions over the par-70 Oak Hill Country Club's East course.

After a night relatively free of rain, it began to drizzle in the morning, about 90 minutes after play began, threatening to delay or halt the first round.

It has rained here, off and on, all week, and more rain was predicted, off and on, until Saturday. The U.S. Golf Association has said that if either of the first two rounds was rained out, the golfers could play 36 holes on Sunday.

"The course can't take much more rain," a USGA spokesman, Rich Skyzinski, said. "It's like walking around in beef stew out there."

Tour veteran Hubert Green was one of the few early starters able to dodge the perils of this difficult course that was made even more difficult by the rain. Green birdied the first two holes, a pair of par-4s, going 2-under.

Most of the favorites had later tee times. These included the defending champion, Curtis Strange, in a threesome that also included Seve Ballesteros of Spain. Nick Faldo of England, the man whom many consider the favorite, was to start much later.

When the rains started earlier in the week, P.J. Boatwright, executive director for competitions of the U.S. Golf Association, said, "One good shower and we're out of business."

But the players said they were ready to go in the rain. Most of them have been doing it all year anyway, because 19 of the 24 events on the tour this year have had some rain.

Faldo, 31, has earned his spot as 6-1 betting favorite because of an impressive showing around the world over the last couple of years. This has included a second-place finish in last year's Open after he lost an 18-hole playoff with Strange, and, in particular, his three victories in the last nine weeks.

One of those came at Augusta, Georgia, where he beat Scott Hoch in a playoff to win the Masters.

Following his triumph in Augusta, Faldo returned to England to win the Volvo PGA Championship on May 29 and the Dunhill British Masters on June 4.

Strange is battling the jinx of repeating in an Open: No one has won successive Opens since Ben Hogan in 1951 and 1952.

Players such as Tom Kite, who hasn't won a major title; Mark Calcavecchia, the strong man who won twice early this year but has slumped a bit since, and other potential winners are just not coming into this event with the impressive credentials Faldo has.

Sandy Lyle of Scotland is suffering through a miserable slump during which he has not made the cut in seven of his last nine tournaments.

Ballesteros, of Spain, has not won enough since his third British Open victory in July to be at the top of the favorite's list.

Although he consistently finishes high, Greg Norman, who was forced out of the 1988 Open with a hand injury, is not winning enough tournaments.

Faldo said a golfer would have to be "good with a driver" on Oak Hill's East Course, a 6,902-yard (6,326 meters) test with the usual dense Open rough of 2 to 4 inches (5 to 10 centimeters).

A major factor will be the big trees that crowd the fairways and demand drives that thread the needle.

Faldo will be trying to do what only four men have done by going from second one year to first the next year in a U.S. Open.

The most recent was Jack Nicklaus, who won the 1972 Open a year after finishing second.

Bobby Jones did it three times. Alex Smith, runner-up in 1905, won in 1906 and John McDermott, second in 1910, was first in 1911.

Faldo has suffered from a touch of flu for the last couple of days.

Because of needed driving accuracy, Faldo may not win and a guess is that Mike Reid will battle Ballesteros for this Open title.

Reid, 34, from Utah, is the most consistently accurate driver on the tour. But maybe Oak Hill will be too long for Reid because it will be very wet all week. Ballesteros is the greatest recovery artist and is due to win a U.S. Open. *(AP, NYT)*

J. McClusky/Agence France-Presse

Curtis Strange, the 1988 titlist, taking a practice swing Wednesday on the course of the 1989 U.S. Open as the rains come down.

After Trevino, a Tougher Site

Course for U.S. Open Revised as Result of His '68 Win

By Gordon S. White
New York Times Service

There is a common trait that runs through the egos of club members who feel theirs is the best course imaginable.

They cannot stand it when a superb golfer comes along and shoots a record score on their hallowed links. So they solve the problem by change.

Those changes are not always for the better, though they may serve the purpose of making the course tougher. But in golf, despite common beliefs, tougher courses are not necessarily better courses.

Members of the Oak Hill Country Club in Rochester, New York, have gone through this stage.

Oak Hill has two substantial 18-hole courses that were designed in the mid-1920s by Donald Ross, one of the premier architects of the game. It was Lee Trevino who shot the record that caused the changes.

Trevino made his name by winning the 1968 U.S. Open on Oak Hill's East Course, where on Thursday the 89th Open started.

Trevino's winning score of 275 was the result of rounds of 69, 68, 69 and 69 as he became the only golfer in Open history to shoot four sub-70 rounds.

How dare he do this?

So in came a couple of modern golf architects and Oak Hill East got a face-lift before the 1980 PGA Championship was held there and won by Jack Nicklaus. Three new holes were built and a few others redesigned.

"They flat-out ruined it," Trevino said.

But that has been done to other Open courses, like Inverness in Toledo, Ohio. Oakmont, outside Pittsburgh, was made almost unplayable by dense high rough in 1983 because in the previous Open there, in 1973, Johnny Miller set an Open record of 63 the final day.

This will be the third Open at Oak Hill (Cary Middlecoff won there in 1956) and the first since the post-Trevino changes.

Nevertheless, the Open will be held on a strong track that, as usual, puts a premium on accurate driving.

And Oak Hill, as are so many older courses in the North, is getting tighter and tighter each year as trees intrude over the target space on the fairways.

Just being on a fairway may not be good enough in some spots on this course. Being in the center of the fairway will be necessary at times so there is no chance of clipping trees with a second shot.

The tight chute off the tee on the par-5 fourth hole is a good example of what trees can do to make a difference in a course.

At 6,902 yards (6,326 meters), Oak Hill is a solid par-70 course for the Open with a pair of par-5 holes.

The par-5 13th is one of the longest U.S. Open holes at 594 yards.

One of the shortest holes is the 167-yard par-3 sixth, one of the three new holes built for the 1980 PGA Championship. Trees play a part and a golfer cannot expect par if he overshoots the green because the pitch back is to a steep sloping green falling away to the front.

There are few letups at Oak Hill, a hilly course that starts strongly with a 440-yard, par-4 first hole. A brook crosses the fairway in front of the green but should not be a factor if the drive lands on the fairway.

The course ends with strength with three substantial par-4 holes cut through the huge trees.

Data on Wider Use of Drugs In Seoul Is Cited at Inquiry

By Michael Janofsky
New York Times Service

TORONTO — The International Olympic Committee's medical commission may have data suggesting that Ben Johnson was not the only male track and field athlete who used anabolic steroids in training for the Seoul Olympics, even if he was the only one who failed his drug test.

However, Dr. Manfred Donike of West Germany, a commission member, denied Wednesday that he had told a West German television commentator that 80 percent of the male track and field athletes who were tested in Seoul had used steroids or that the source of the data, a test known as an endocrine profile, could detect steroid use as far back as five to eight years.

The commentator, Bernd Heller, made his statements Wednesday at the Canadian government inquiry into the use of drugs by athletes.

"I cannot give out the figure at this time," Donike said by telephone from his laboratory in Cologne. "And how can anybody claim I said the tests go back five to eight years? It is ridiculous to make such a claim."

Whatever the figure is, its mere presence suggests that the IOC has a far better idea than it has said it has, with regard to how many athletes used steroids in training periods before the Seoul Games.

Nine athletes besides Johnson, the Canadian sprinter, were caught using banned substances.

Donike acknowledged that an endocrine profile, an experimental test that measures metabolites of testosterone excreted by the endocrine gland, was done in the Seoul laboratory as part of each urine analysis of male athletes for information purposes.

The final results of the tests, he said, would be presented at a drug conference later this year in Moscow, or earlier if the IOC gave him permission to release the findings.

"There's not really that many resources going into the test at this moment, but the technical capability exists," said Donald Catlin, an IOC medical commission member who runs a drug-testing lab in Los Angeles.

Heller, a former pole vaulter and lawyer, testified that "it was a big surprise to me" to hear Donike say that so many athletes had used steroids for so long.

Last Monday, Heller said, he spoke to Donike again to tell him he intended to appear at the inquiry and to clarify several points, only to have Donike back off from his original statement.

"He told me I didn't say it or I misunderstood him," said Heller, the 41st witness to appear in the track and field phase of the inquiry. "He changed his mind concerning the time period. Now he reduced it to three to six months."

Heller also said that Donike denied the 80 percent figure.

Speaking to reporters after his testimony, Heller said: "It might be possible I misunderstood him. But that is why I requested an exact figure when he told me he did not say 80 percent."

■ Use by Discus Thrower

Rob Gray, a Toronto lawyer and former discus thrower who failed a drug test in 1986, said Thursday that he began taking banned steroids in 1980 while he was a student at Southern Methodist University in Texas, The Associated Press reported from Toronto.

"It was very prevalent," said Gray in testimony at the federal drug inquiry. "Most of the people were using it."

Gray, who lost a protracted battle against his life suspension for testing positive for a steroid at the national championships, also said he often injected shot putter Bishop Dolegiewicz, earlier named at the inquiry as a drug supplier.

Dolegiewicz, a physical education teacher in Saskatchewan, denies ever taking or dealing in steroids.

■ Hurdler Suspended

Canadian hurdles champion Julie Rocheleau-Baumann has been suspended after two urine tests indicated she used steroids, the Canadian Track and Field Association said Wednesday. Reuters reported from Ottawa.

The sample was collected in Switzerland on May 2 as part of an out-of-competition testing program.

Hans Deryk/The Associated Press

Bernd Heller, a West German TV commentator, during testimony.

Johnson May Lose Mark To New Rule Proposal

Reuters

LONDON — Ben Johnson's confession of having used drugs could lead to him being stripped of his 100-meter world championship and record under new proposals announced by the International Amateur Athletic Federation.

Plans to disqualify athletes retroactively and withdraw their results and times if they confess later to taking drugs are being considered by the IAAF, the track and field governing body said Thursday.

If the proposals are accepted by the IAAF Congress in September, Johnson's victory in a world record 9.83 seconds at the 1987 Rome world championships could be scratched.

Johnson, who was stripped of his Olympic 100-meter gold medal in Seoul after testing positive for anabolic steroids, admitted to a Canadian government inquiry into drug abuse in sports this week that he had taken drugs a month before the world championships in Rome.

He passed all drug tests in Rome and, under current IAAF rules, remains the world champion and record holder.

But in a statement issued in London on Wednesday, the IAAF said Johnson's confession had "served to strengthen the resolve of the IAAF to introduce tougher, wide-sweeping rules on doping control."

The statement said: "This will deal with the particular situation of an athlete confessing, under oath, and by signed statement, that in the past he/she has knowingly taken prohibited substances regardless of any negative doping results obtained when the athlete was tested in competition."

2 Old Timers Lead Rangers

The Associated Press

Don't try to tell the California Angels that life begins at 40.

The Angels helped Texas celebrate Old Timers' Night on Wednesday as Nolan Ryan and Don Sutton, 42, combined to pitch the Rangers to a 5-1, 6-3 doubleheader sweep in Arlington, Texas.

It was only the second time in the last 56 years that a pair of pitchers 40 years of age or older started a doubleheader for the same club. Ryan is 42 and Hough is 41. The other time was in 1986, when Tommy John, 43, and Joe Niekro, 41, started for the New York Yankees.

Ryan's victory made him the sixth pitcher in major-league history to defeat all 26 teams.

"The only way to accomplish beating all 26 teams is to be in both leagues, with two clubs in each league," Ryan said. "It's no great accomplishment. It should happen if you hang around long enough and pitch well."

Doyle Alexander, Gaylord Perry, Don Sutton, Mike Torrez and Rick Wise are the other pitchers to defeat all 26 big-league teams. John, released by the Yankees last month, also has a victory over every other team but needed postseason play to do it.

BASEBALL ROUNDUP

Charlie Hough combined to pitch the Rangers to a 5-1, 6-3 doubleheader sweep in Arlington, Texas.

Yankees 2, Orioles 1: In Baltimore, the Orioles' left fielder, Phil Bradley, lost Ken Phelps's bases-loaded fly ball in a ninth-inning fog, allowing both New York runs to score.

Athletics 2, Royals 1: In Kansas City, Missouri, Dave Parker doubled home the winning run in the eighth. Dave Stewart was the winner, tying San Francisco's Rick Reuschel for the major-league lead in victories.

White Sox 3, Indians 1: In Chicago, Jerry Reuss blanked Cleveland for seven innings and Daryl Boston hit a two-run triple in the fourth.

Tigers 7, Red Sox 3: In Boston, Matt Nokes, 1-for-26 in his previous nine games, went 4-for-4 and Lou Whitaker hit his 15th home run and a double for Detroit.

Blue Jays 6, Brewers 1: In Milwaukee, Pat Borders and Bob Brenly had two hits and two RBIs each. Borders gave the Blue Jays a 2-0 lead in the first with a two-run single off loser Bill Krueger. Toronto made it 3-0 in the third when Manny Lee tripled and Brenly singled.

Twins 10, Mariners 8: In Minneapolis, the Twins came back from a 6-2 deficit in the fourth inning, then blew a 7-6 lead when Seattle's Jay Buhner hit a two-run home run in the top of the seventh. Minnesota tied the game, 8-8, in the bottom of the seventh on Kirby Puckett's leadoff home run, and Brian Harper singled in the final two runs.

Pirates 6, Phillies 4: In a National League game in Pittsburgh, Andy Van Slyke drove in three runs with an RBI single in the third and a two-run triple in the seventh to rally Pittsburgh. The Pirates' victory kept them from a last-place tie in the NL East with the Phillies. Van Slyke had 25 home runs and 100 RBIs last season, but has struggled since missing a month with a strained rib muscle.

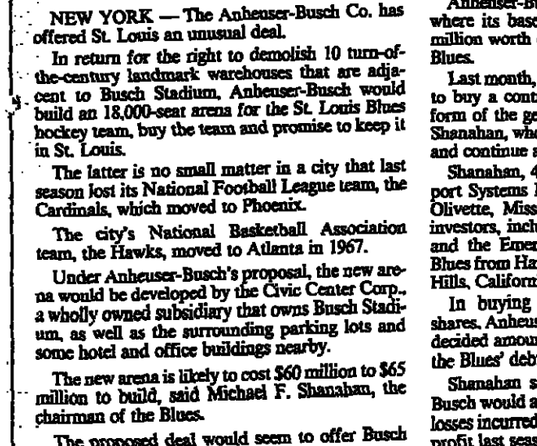
Giants 10, Braves 1: In San Francisco, winner Don Robinson helped himself with a run-scoring single. Tracy Jones, Robby Thompson and Kirt Manwaring each drove in two runs for the Giants.

Cardinals 10, Expos 0: In St. Louis, Missouri, Joe Magrane pitched his second straight shutout and Milt Thompson went 4-for-5 with four runs scored. Pedro Guerrero hit three RBI singles as the Cardinals pounded four pitchers for 16 hits.

Mets 2, Cubs 0: In New York, Dwight Gooden increased his career record against Chicago to 18-3 as New York won in a game shortened to 6½ innings by rain. Gooden left in the sixth with what club physician Fiske Warren described as tightness in his right shoulder. Warren said Gooden's condition was not serious.

Padres 4, Reds 2: In San Diego, Eric Show scattered 10 hits in 8½ innings to become San Diego's all-time victory leader. Rob Nelson and Benito Santiago hit solo home runs for the Padres, with Santiago snapping a 2-2 tie in the fourth.

Dodgers 3, Astros 0: In Los Angeles, Orel Hershiser earned his 22d career shutout and Kirk Gibson drove in all three runs, two of them with a home run.



The Associated Press

GENERATIONS UNITED — Billie-Jean King, foreground, and Martina Navratilova teaming for the first time in nine years in a doubles match at a tournament in Edgbaston, England, on Wednesday. They lost in the second round.

The Icing on a Deal: Hockey Arena

By Joshua Mills
New York Times Service

NEW YORK — The Anheuser-Busch Co. has offered St. Louis an unusual deal.

In return for the right to demolish 10 turn-of-the-century landmark warehouses that are adjacent to Busch Stadium, Anheuser-Busch would build an 18,000-seat arena for the St. Louis Blues hockey team, buy the team and promise to keep it in St. Louis.

The latter is no small matter in a city that last season lost its National Football League team, the Cardinals, which moved to Phoenix.

The city's National Basketball Association team, the Hawks, moved to Atlanta in 1967.

Under Anheuser-Busch's proposal, the new arena would be developed by the Civic Center Corp., a wholly owned subsidiary that owns Busch Stadium, as well as the surrounding parking lots and some hotel and office buildings nearby.

The new arena is likely to cost $60 million to $65 million to build, said Michael F. Shanahan, the chairman of the Blues.

The proposed deal would seem to offer Busch potential benefits on several fronts.

The company has enjoyed stunning box office success with the St. Louis Cardinals baseball team, which it has owned since 1953.

The Blues are currently the only other professional team in town.

Anheuser-Busch would get whatever profits the team turns, an arena in which to sell and promote its products, the promotional value of the franchise and the good will from assuring that the team will not move on.

The arena would provide revenue from parking, concessions, advertising inside the arena and from rental of luxury boxes. The hockey team would provide an anchor tenant for the arena, but Anheuser-Busch would have a new building for college basketball, rock concerts, wrestling, rodeos, tractor pulls and other events.

Anheuser-Busch "is among the leaders in sponsoring sports teams," said Emanuel Goldman, a beverage industry analyst with Paine Webber Inc.

Noting the extensive participation by the company in auto and boat racing, as well as its sponsorship of national radio broadcasts of major league baseball, he said, "In sports promotion, Anheuser-Busch is pervasive."

Anheuser-Busch would not be the first brewer to own a hockey team. The Molson Companies of Canada owns the Montreal Canadiens.

Anheuser-Busch, which owns Busch Stadium, where its baseball team plays, already holds $1 million worth of limited partnership shares in the Blues.

Last month, it reached an agreement in principle to buy a controlling interest in the team, in the form of the general partnership shares owned by Shanahan, who would retain a limited partnership and continue as chief executive.

Shanahan, 49, is chairman of Engineered Support Systems Inc., a military contractor based in Olivette, Missouri. In 1986, he led a group of investors, including the Southwestern Bell Corp. and the Emerson Electric Co., that bought the Blues from Harry Ornest, an investor from Beverly Hills, California.

In buying Shanahan's general partnership shares, Anheuser-Busch would put up a still-to-be-decided amount of money and would also assume the Blues' debt.

Shanahan said the debt "was close to zero." Busch would also be responsible for any operating losses incurred by the Blues, which made a modest profit last season.

The landmark warehouses that would be torn down, some of which are still in use, are known as Cupples Station. Civic Center agreed in March to pay Washington University in St. Louis $9 million for the property.

A month later, Shanahan approached Civic Center and proposed that it buy the hockey team as well.

He said he had two goals, to reduce his liabilities and to help the Blues find a new home that would bring them greater revenue.

"It became apparent to me that in order for the Blues to become one of the top four to six teams in the league, we'd have to make substantial investments in player development," Shanahan said in a telephone interview. "That meant would we would need to share in arena revenue."

Nineteen of the National Hockey League's 21 teams, he said, shared the revenue from arena parking, concessions and advertising.

The Blues currently play in the St. Louis Arena, which was built in 1929 and is owned by the city.

The current arena is expensive to maintain because of its age, and its parking lots cannot accommodate the crowds. What is more, views from many seats leave something to be desired.

Mary Jo Wallick/Reuters-UPI

Milwaukee's Paul Molitor attempts to dance away from a lunge by Tony Fernandez, the Toronto shortstop, during a run-down.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Baltimore	33	27	.550	—
New York	30	32	.484	4
Cleveland	30	33	.476	4½
Boston	28	32	.467	5
Milwaukee	29	34	.460	5½
Toronto	29	34	.460	5½
Detroit	25	38	.397	9½
West Division				
Oakland	41	23	.641	—
Kansas City	38	25	.603	2½
California	36	26	.581	4
Texas	36	27	.571	4½
Minnesota	30	32	.484	10
Seattle	30	35	.462	11½
Chicago	24	41	.369	17½

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Chicago	35	28	.556	—
Montreal	35	29	.547	½
New York	31	30	.508	3
St. Louis	31	30	.508	3
Pittsburgh	24	36	.400	9½
Philadelphia	22	38	.367	11½
West Division				
San Francisco	38	26	.594	—
Houston	37	27	.578	1
Cincinnati	36	27	.571	1½
Los Angeles	32	31	.508	5½
San Diego	31	35	.470	8
Atlanta	24	39	.381	12½

Wednesday's Line Scores

AMERICAN LEAGUE

Detroit 000 212 011—7 14 0
Boston 000 010 011—3 11 0
Tanana, Hernandez (9) and Heath; Boddicker, Lamp (6), Price (9) and Cerone. W—Tanana, 6-6. L—Boddicker, 3-6. HR—Detroit, Whitaker (15).

California 000 000 001—1 7 1
Texas 000 210 20x—5 10 0
Finley, Monteleone (7) and Schroeder; Ryan, Russell (9) and Sundberg. W—Ryan, 8-3. L—Finley, 7-5. Sv—Russell (15). HR—Texas, Sierra (11).

California 000 000 021—3 7 1
Texas 010 002 20x—5 11 1
McCaskill, Fraser (7), McClure (8) and Parrish; Haugh, Rogers (8), Russell (9) and Kreuter. W—Haugh, 4-6. L—McCaskill, 7-3. Sv—Russell (16). HR—Texas, Petralli (3).

Seattle 400 020 200— 8 12 0
Minnesota 000 250 30x—10 12 1
Swift, Powell (5), Niedenfuer (7) and Bradley; R.Smith, Tunnell (6), Berenguer (6), Reardon (9) and Harper. W—Berenguer, 4-2. L—Niedenfuer, 0-2. Sv—Reardon (12). HRs—Seattle, Buhner (4), Minnesota, Gaetti (9), Puckett (4).

New York 000 000 002—2 9 1
Baltimore 000 001 000—1 10 1
Cary, Nielsen (6), Guetterman (6), Righetti (9) and Slaught; Milacki, Hickey (9), Williamson (9) and Melvin. W—Guetterman, 1-0. L—Hickey, 1-2. Sv—Righetti (10).

Cleveland 000 000 001—1 3 0
Chicago 010 200 00x—3 8 4
Candiotti, Orosco (8) and Allanson; Reuss, Thigpen (8) and Fisk. W—Reuss, 6-2. L—Candiotti, 7-4. Sv—Thigpen (12).

Oakland 000 100 010—2 7 2
Kansas City 001 000 000—1 7 1
Stewart, Honeycutt (8) and Steinbach; Leibrandt, Gordon (9) and Boone. W—Stewart, 11-2. L—Leibrandt, 4-7. Sv—Honeycutt (5).

Toronto 200 111 100—6 13 0
Milwaukee 000 010 000—1 5 1
Stieb, Henke (8) and Borders; Krueger, Knudson (5) and Surhoff. W—Stieb, 6-3. L—Krueger, 3-1. HRs—Toronto, Brenly (11), Milwaukee, Francona (2).

NATIONAL LEAGUE

Atlanta 100 000 000— 1 5 2
San Francisco 004 000 02x—10 12 1
Lilliquist, Puleo (3), Alvarez (5), Assenmacher (8) and Benedict; D.Robinson, Mulholland (8), LaCoss (9) and Manwaring. Kennedy (4). W—D.Robinson, 5-4. L—Lilliquist, 4-4. HRs—Atlanta, Treadway (2). San Francisco, Thompson (7).

Philadelphia 100 012 000—4 8 0
Pittsburgh 002 100 30x—6 11 1
Ontiveros, Carman (6), Parrett (7), McWilliams (8), Bedrosian (9) and Lake, Doutton (8); Smiley, Landrum (8) and Ortiz. W—Smiley, 6-2. L—Carman, 2-10. Sv—Landrum (2).

Montreal 000 000 000— 0 5 1
St. Louis 105 102 10x—10 16 0
K.Gross, McGaffigan (3), Frey (6), Gideon (7) and Santovenia; Magrane and Pena. W—Magrane, 5-5. L—K.Gross, 6-5. HR—St. Louis, Pena (3).

Chicago 000 000 0—0 4 0
New York 001 100 x—2 6 0
(Game called after 6½ innings, rain)
Sanderson and Berryhill; Gooden, Aguilera (7) and Sasser. W—Gooden, 8-2. L—Sanderson, 6-5. Sv—Aguilera (5). HR—New York, Dykstra (3).

Cincinnati 001 100 000—2 10 1
San Diego 020 110 00x—4 8 0
Rijo, Charlton (6) and Reed; Show, M.Davis (9) and Santiago. W—Show, 7-6. L—Rijo, 6-3. Sv—M.Davis (18). HRs—San Diego, Nelson (2), Santiago (5).

Houston 000 000 000—0 4 0
Los Angeles 000 010 20x—3 7 0
Knepper, Andersen (7) and Biggio; Hershiser and Dempsey. W—Hershiser, 8-5. L—Knepper, 3-7. HR—Los Angeles, Gibson (7).

TENNIS

DAVIS CUP
European Zone
Group II Semifinals
(In Athens)
Greece 1, Monaco 1
Jerome Seguin, Monaco, def. Georgios Kalaveloris, Greece, 6-4, 7-6, 6-4; Costas Efremoau, Greece, def. Gilles Genoncio, Monaco, 6-2, 6-2, 6-1.

TRANSITION

BASEBALL
American League
DETROIT—Put Jeff Robinson, pitcher, on 21-day disabled list. Recalled Charles Hudson, pitcher, from Toledo, International League.
SEATTLE—Recalled Edgar Martinez, infielder, from Calgary, Pacific Coast League. Optioned Clint Zavaras, pitcher to Calgary.
National League
CINCINNATI—Signed Steve Vondran, catcher; Gilbert Galloway, Thomas Aubertin and Brian Fry, pitchers, and Scott Pose, outfielder, and assigned them to Billings, Pioneer League; and Frank Kremblas and Carlos Molina, catchers; Dale Stevens, pitcher, and Mark Roberts, third baseman, and assigned them to Plant City, Gulf Coast League.
PHILADELPHIA—Signed Jeff Jackson, center fielder, to one-year contract and assigned him to Martinsville, Appalachian League.
SAN DIEGO—Put Tim Flannery, infielder, on 15-day disabled list. Recalled Shawn Abner, outfielder, from Las Vegas, Pacific Coast League.
FOOTBALL
National Football League
CHICAGO—Named Charlie Mackey scout. Promoted Red Graves to assistant director of player personnel.
CLEVELAND—Claimed Ed Miller, center, off waivers from Philadelphia. Put Charles Konrad, punter, on waivers. Named Mike Lombardi personnel director.
DENVER—Signed Daniel Hunter, defensive back, and Rafael Septien, kicker.
HOCKEY
National Hockey League
WASHINGTON—Named Robbie Laird assistant coach.

GOLF

Hole-by-Hole

A hole-by-hole description of the 6,982-yard, par-70 East course at Oak Hill Country Club in Rochester, New York:

No. 1 — 440-yards, par-4: Out-of-bounds on right and bunker in left fairway. Allen's Creek crosses fairway about 80 yards in front of bunker-guarded green.

No. 2 — 401-yards, par-4: Requires tee shot through narrow, tree-lined opening. Five bunkers spread on both sides of fairway; more sand traps and grass quilly protecting small green.

No. 3 — 211-yards, par 3: Three bunkers barricading front of green and steep slope behind that virtually eliminates chances to save par for players who overshoot small, hard-to-hold green.

No. 4 — 570-yards, par-5: Almost impossible to reach in two. Very difficult driving hole with out-of-bounds, trees and fairway bunkers on right, heavy rough and trees on left. Green is well-protected by bunkers and slopes up to table at back.

No. 5 — 406-yards, par-4: One of course's most demanding holes. Tee shot must travel more than 200 yards through corridor of trees. After trees, Allen's Creek is on right and crosses in front of green.

No. 6 — 167-yards, par-3: Wind will play an important role in club selection. Green tightly hugs Allen's Creek on left and large bunker on right.

No. 7 — 421-yards, classic par-4: Creek comes into play with trees and heavy rough on left and water on right. Entrance to green is small and protected by bunkers both left and right.

No. 8 — 430-yards, par-4: Looks like an easy birdie, but isn't. Large, deep bunkers guard either side of tee-shot landing area and bunkers guard sizable, sloping green.

No. 9 — 419-yards, par-4: Blind green at end of long uphill slope. Hole doglegs sharply about 250 yards and bunker-guarded, sloping green drops off abruptly on left side.

No. 10 — 432-yards, par-4: Deceptively difficult. Calls for drive onto fairway that slopes down toward stream that crosses about 340 yards out. Downhill slope gives long hitters opportunity to pick up 20 to 30 yards. Three bunkers protect green.

No. 11 — 192-yards, par-3: Allen's Creek in front of green and small waterfall on right. Look for a lot of birdies here.

No. 12 — 372-yards, par-4: Many players will use long irons to ensure accurate drive. Lined by tall trees. Green is elongated on plateau.

No. 13 — 594-yards, par-5: No one has reached green in two shots. Allen's Creek crosses fairway about 300 yards and fairway mowing process adds double-doglegs effect to hole. Green is set in natural bowl and guarded by eight bunkers.

No. 14 — 323-yards, par-4: Birdie hole. Shortest par-4 on course. Undulating green is protected by three bunkers in front and out-of-bounds behind.

No. 15 — 172-yards, par-3: Bunkers on left and pond on right. Fast, rolling green is one of toughest at Oak Hill.

No. 16 — 439-yards, par-4: Ideal for long hitters. Fairway slants sharply left and hooking balls will easily find rough. Bunkers guard green.

No. 17 — 458-yards, par-4: Hardest hole on course requires an uphill drive into landing area guarded by trees. Fairway doglegs at 240 yards and bunkers at right front of green are open invitation to bogey. Everybody but pros play it as par-5.

No. 18 — 440-yards, par-4: Trees and rough on left and large bunker on right. Steep hill fronts rolling and narrow, shallow green.

SOCCER

WORLD CUP QUALIFYING
Iceland 0, Austria 0
Norway 1, Yugoslavia 2

OBSERVER

High Pay in Principle

By Russell Baker

NEW YORK — James Watt, having quit as the secretary of the interior under Ronald Reagan, made eight phone calls, spent 30 minutes talking to an old colleague and called it work. The pay for this toil was $300,000.

The colleague was the secretary of housing and urban development. The phone calls went to people in that department. The $300,000 came from the company that later got government money to build 300 housing units.

Since reading about Watt's big payday I have changed my mind about what I want to be when I grow up. Previously I wanted to grow up and be a mediocre second baseman.

My reasons weren't high-minded, but they weren't exactly ignoble either. Learning that the average — another word for mediocre — baseball player pulls down $560,000 per annum counted for a lot, to be sure.

So did the fact that the job offers terrific travel opportunities. Imagine seeing places like Cleveland, Detroit and Oakland!

□

The James Watt story made me realize I hadn't been dreaming big enough. Somewhere in the inspirational literature they throw at you when you're deciding what to be when you grow up I'd read that you've got to dream big dreams.

Reading about Watt's $300,000, the scales fell from my eyes, which was an ungrammatical thing for them to do, but excusable since I had been training them to behave ungrammatically so they would feel at home in baseball society.

Anyhow I said to my guidance counselor: "I have been dreaming too small. I am now dropping the baseball dream. What I'd really like to do is grow up and go into Watt work where you make a few phone calls, spend a half-hour with an old buddy, and collect $300,000."

I figured this way: In the three hours it takes to play one baseball game, you could easily make 24 phone calls, spend 30 minutes each with three old buddies, and rack up $900,000.

There are 162 games in a baseball season, and 162 times $900,000 is $145,800,000. It's not what I could make if I grew up to be an investment banker, but it beats the measly $560,000 I'd get for playing second base.

What's more, making phone calls and visiting old buddies is a lot more pleasant than having people in spiked shoes constantly crashing into you soles-up.

My guidance counselor said that making $900,000 between the first pitch and the final out wasn't as easy as it looked. Watt, he said, had had to struggle to get to the top.

First, Watt had to go all over the country denouncing government as an evil that kept decent people from getting ahead in the world. Only after the whole world knew how down on government Watt really was did he qualify for a cabinet job when President Reagan came to Washington to do away with government.

□

And, my counselor said, when Watt discovered that no matter how hard he and the president tried to get rid of the government, the government just kept getting bigger and bigger — well, Watt had had the courage to do the hard thing and leave the government.

Why? Because by working from the outside, by helping private business siphon off vast sums of government money, Watt might just possibly end the evil of government by bleeding its coffers dry.

The more the guidance counselor talked about Watt, the more I wanted to be just like him. Watt was a man of principle. He had chosen a line of work that would help him achieve something he believed in: destruction of government.

That's what I wanted to be when I grew up: somebody who was in a business because he believed in it, not because of the money.

Of course, as Watt proved, there were careers where you could not only struggle for high principles, but could also take home good money without getting yourself spiked trying to execute the double play.

That's what really cooled my urge to grow up and be a mediocre second baseman: learning about the satisfaction Watt could get from doing work where he was advancing a cause he really believed in.

Thinking over my dream of a baseball career, I realized that I didn't really hold any high-principled views about second base. Watt showed the way: To make the really big bucks come easy, you gotta believe.

New York Times Service

Should Mestre Divorce Venice?

By Clyde Haberman
New York Times Service

MESTRE, Italy — This, some would argue, is the real Venice.

True, it is not the fish-shaped Disneyland on the lagoon that most people think of first. That Venice, the Venice of tourists and throat-clutching prices, lies six miles away, on the other side of Liberty Bridge. This one sits on terra firma, a part of the main.

It is a pleasant enough city of 230,000, where clusters of old men pass the time chatting in the pastel main square, agleam in yellow and burnt orange under the midday sun. Many say Mestre does not look like much compared with its more illustrious neighbor. But then, what does?

It is a fairly new city, having blossomed since World War II, but civic boosters think of it as the real Venice because far more people who call themselves Venetians live here than in the other place.

Many also take pride as true-blue Mestrians. They suffer no crisis of identity, and, indeed, mapmakers and guidebooks do them the honor of distinguishing their city from Venice.

Mark Smith/The New York Times

Commuters in Mestre boarding water bus to Venice: Some want a divorce between the two.

Still, administratively, Mestre and Venice are umbilically linked, sharing the same local tax revenue, governed by the same mayor and city council.

It is a situation that some people on both sides of the bridge feel has gone on long enough.

They are demanding a divorce and will get what amounts to their day in court on June 25 when a referendum will be held on a proposal to split the cities apart so each can deal with its problems in its own fashion.

"The truth is that there is no integration between Mestre and Venice," said Ugo Bergamo, a city council member who lives on the Venice Lido and is a leader of the pro-division movement. "In practice, they are already separate. They are cities that are different historically, culturally and socially."

In the opposite camp are people like Arrigo Cipriani, owner of Harry's Bar in Venice, who says that a "yes" vote is really "a vote for provincialism."

Venice, Cipriani argues, is simply a historic center, an island not unlike, say, Manhattan. Slicing the region in two would be as artificial as prying Manhattan away from the other four boroughs of New York City, he says.

There are separatists in both cities, but they are said to be stronger in Mestre, where feelings run high that Venice gets too much attention and that tax revenue could be better spent.

For some, independence is a matter of civic pride, and there are those in Venice who agree. It would be good for Mestre to stand on its own, they say. A few of them, it must be noted, also recoil at the idea of their jewel of a city going through life hand in hand with its more pedestrian neighbor.

A similar split was tried in 1979, when separatists drew 28 percent of the vote. Opinion polls and political commentators say they will probably do better this time but should still fall short of victory.

Even if they win, the result will be non-binding, and the decision on what to do next would fall to the Veneto regional government, which supervises this stretch of northeastern Italy.

As Mestre has rapidly grown, so has Venice declined. Concern runs high that if its leaders are not careful it could cease to function as a true city, doomed to serve as a high-priced, well-tended museum for the endless flow of Germans, Japanese and Americans in tank tops and with potbellies who jam its narrow lanes and bridges.

Only 80,000 people live on the canal-threaded islands of the historic center, against 175,000 in 1951. The shrinkage continues at a rate of nearly 2,000 residents a year.

Many who left over the years went no farther than Mestre, and 25,000 of them go back every day as commuters, driving their cars or taking the bus to the Piazzale Roma on Venice's western fringe and continuing by boat to jobs in the city government or tourist-related businesses.

Often, those who fled had given up on trying to find an apartment that could accommodate a family and a normal assortment of modern appliances at a price appreciably lower than the national debt.

Venice has no shortage of stores selling carnival masks or expensive leather bags and coats. But try finding a reasonably priced butcher or neighborhood barber. Try finding one at all.

According to a government-sponsored survey issued late last year, there are only eight plumbers left in a city notorious for leaking.

So Mestre has swelled while Venice goes the way of a lot of world cities, increasingly a preserve for the middle-aged rich, for elderly people hanging on to coveted apartments, for childless young couples and for prosperous outsiders, Italian and foreign, who buy second apartments here that they then leave vacant much of the year.

Rosa Carbone, Mestre's chief executive, cautions that with independence Mestre would "drop in rank" because it lacks the wherewithal to be more than "an amateur city."

But Kali Muscara, an urban affairs specialist in Venice who favors separation, suspects that just the opposite would happen. "The feeling is that Venice has prevented Mestre from becoming the city it should be," he said.

PEOPLE

'Batman' Is Grounded

Twenty years ago he was "Batman," half of a celebrated New York City police undercover team responsible for hundreds of arrests. Now the former detective, **David Greenberg**, is charged in a $350,000 insurance scam. Greenberg, 45, was arrested by postal inspectors at his home in Florida. As a detective, Greenberg made hundreds of arrests in the late 1960s and early '70s with his partner, **Robert Hantz**, nicknamed "Robin." Their exploits were recounted in the 1973 book and 1974 movie "The Super Cops." Greenberg quit the police department in 1975 and was later elected to the state Assembly. But in 1978, he was convicted on federal mail fraud charges and served 10 months of a two-year sentence. The charges filed this week accuse Greenberg; his brother and partner, **Bruce Greenberg**, and their lawyer, **Samuel Konigsberg**, of changing documents as part of a scheme to cheat an insurance company. According to court papers, after a 1986 burglary at one of Greenberg's businesses, a video store in New York City, the men altered documents to make it look as if the store was covered by a $500,000 policy instead of a $350,000 one, and also inflated the losses from the burglary.

□

A high roller is suing **Donald Trump**'s Castle for $10 million in New York, charging that the Atlantic City hotel-casino lured him to gamble with the false promise that Trump would accompany him to the Kentucky Derby. **Charles Matays**'s suit accuses the casino of false advertising. The casino did fly him to Louisville free on derby day, May 5, 1988, but Trump and his wife, **Ivana**, were no-shows, Matays said in the lawsuit. Furthermore, he wants the court to nullify the $200,000 he dropped playing blackjack that weekend.

□

Zsa Zsa Gabor was arrested and handcuffed after slapping a policeman who pulled over her white Rolls-Royce for having expired license tags. The Hungarian-born actress was booked for investigation of evading a policeman, battery on a policeman, driving without a valid license, driving an unregistered car and driving with an open alcoholic container, police **Lieutenant James Smith** said. Gabor later said that the policeman "bodily dragged me out of the car, then I hit him." The police say she pulled her car over only after a two-block chase. "As she stepped out of the vehicle she slapped him. She slapped him in the face," the lieutenant said. The officer, whose name was not disclosed, then handcuffed Gabor and put her in a police car. Police also impounded the Rolls-Royce. "Lots of people stopped and said, 'How can you do that to Zsa Zsa?' This is not a reason to confiscate a $215,000 car and put handcuffs on me and make me sit in the street," Gabor said. "You just cannot drive a Rolls-Royce in Beverly Hills anymore because they have it in for you."

□

Sally Ride, the first American woman in space, has accepted a professorship at the University of California in San Diego and is expected to become director of the school's California Space Institute. Ride, 38, will leave Stanford University, where she is a fellow in the Center for International Security and Arms Control.

□

Julian Lloyd Webber sold his 200-year-old cello at auction Thursday for £82,500 ($123,750). The cello, made by **Giuseppe Guadagnini** in 1791, was purchased by a private German buyer, a spokeswoman for Sotheby's auction house said in London. Lloyd Webber, younger brother of composer **Andrew Lloyd Webber**, said recently he was selling the cello to help pay for his divorce settlement. He and his wife, **Celia**, were granted a decree at London Divorce Court in April after a 15-year marriage. The Sotheby's spokeswoman said Lloyd Webber also owns a Stradivarius cello worth at least twice as much as the Guadagnini.

□

Paul Newman's line of food products is about to get some competition from **Sammy Davis Jr.** Davis introduced his products — Sammy's Best Basin Street Barbecue Sauce, Just Right Chili Seasoning Mix and Mean Mustard — this week with a bus tour that took him to Pittsburgh, Detroit and Cleveland. "I'm not just adding my name to a food product," Davis said. "This is my company. These are recipes I worked on in my kitchen. I cook at home, by the pool and even on the road."

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BASTILLE: July 8-July 31st. Quiet sunny 2 room flat, 50 sq.m. sleeps 4. All equipped, kitchen bath, TV. $1400 for 23 days. Tel: 43 38 77 30 after 7pm

RENT: 14 July-5 Aug. 4 rooms, for 4-5 persons (90 sq.m.) Paris 9th, near Butte Montmartre/large shops Pigalle. F6,000. Tel: 48.74.91.54, evenings.

8th, CHAMPS ELYSEES, Apartment, 3 rooms, 60 sq.m. for rent 10th July to 17th July. F5,000 + deposit. Call owner: 45.63.97.23.

FRENCH BICENTENNIAL

BASTILLE July &/or August. Fully equipped apartment, 2 bedrooms, big terrace. Sleeps 4. Parking. F10,000/month. Tel: 43 71 63 28 (after 7pm).

PARIS NEAR BASTILLE 80 sq.m. apartment, comfort, TV, etc. Maximum 4 persons. July 3 to Sept 17. F200/day/person. Tel: 40.21.02.94.

BASTILLE Sunny 2 room apartment, 45 sq.m., French windows, balcony, great view, full bathroom. $1,000, 15 days in July, at your choice. 43.38.96.09.

FRENCH BICENTENNIAL

OLD PICTURESQUE PARIS. Many renovated apartments, minimum 2-week rental: July, Aug., Sept. Alternatives: (1) 42.60.10.79, fax: (1) 49.27.98.59.

STUDIO IN SKY FOR 14 JULY Panoramic Paris from Ile St Louis. Penthouse by week/month. 46.34.50.54

TUILERIES/VENDOME charming small 3 rooms, being renovated, comforts. F4000/week + deposit: 42 60 02 15

SUNNY DESIGNER'S SUNNY FLAT in Paris, for maximum 4 persons. Tel: (1) 40.36.13.06 after 10pm

SUMMER RENTALS — INTERNATIONAL

HIGH CLASS HOUSES, VILLAS & apartments in Paris, throughout France, and in Italy (Tuscany), Greece and the Caribbean. Alternatives, 2 rue Duphot, 75001 Paris. (1) 42.60.10.79, tlx: 216900 F, fax: (1) 49.27.98.59.

FRENCH PROVINCES

FRENCH RIVIERA ST JEAN CAP FERRAT For rent next summer, attractive villas 5 bedrooms, overlooking the sea. PRESTIGE IMMOBILIER 19 Bld General Leclerc 06310 Beaulieu Sur Mer. Tel: 93.01.04.13 Fax: 93.01.11.96

NORMANDY, NEAR DEAUVILLE. Charming 16th century manoir on 2.5 hectares: apple orchard, trout stream, beautiful views. 3 bedrooms, 4 baths, double living, large modern American kitchen. Totally renovated and beautifully decorated. August F45,000. Tel: Paris 42.56.14.00.

FRENCH RIVIERA near Cannes. Ocean front villa. 5 bedroom, 5 bath. Available July. With agency. Tel: 93-754101 Fax: 93-754102. For other months call in US 213-278-1513

ST TROPEZ 4 bedroom villa, on 1 1/2 acres, next to Parc de St Tropez, 400 yards to Plage des Salins, for rent all August. Tel. A. Stone Paris office: 45600165. home: 45046861. F50,000.-

FRANCE, NEAR CANNES, beautiful villa, 5 bedrooms, 3 baths, swimming pool, barbeque. For 8 persons. July, August. F22,000 for 2 weeks. Tel: Paris owner (1)40.86.14.73 or (1)45.61.34.35

COTE D'AZUR, 160 sq.m. apartment for 8, garden, sea, pool, tennis, in large park. July: F20,000. Paris: 45.79.51.10

FRENCH RIVIERA LUXURIOUS VILLAS with pools & jacuzzis, beautiful parks, quality fittings, servants possible. Tel: 90.94.74.61 (in French please).

ST. TROPEZ Pampelonne Beach. Villa 120 sq.m. Pine grove. For 1989 season F13,000/15 days. Paris 30.21.96.65

CAP FERRAT villa for 6 on water; heated pool Estates and apartments on Cote weekly/staff. U.K. 1-409-3270.

JUAN LES PINS Holiday rentals. On sea/residence with pool. Agence de la Mer: Tel: 93.61.28.24 Fax: 93.67.68.42

CAP D'ANTIBES; July and August. Villas with pool. Agence de la Mer: Tel: 93.61.28.24 Fax: 93.67.68.42

CANNES & REGION. Quality villas available for summer rental. 3-12 bedrooms. Coast & Country 9375 3107

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LONDON NEAR HYDE PARK, large charming modernised 4 room, 2 bath flat, TV, computer. To Let mid July-mid Sept. £450/week. Tel 584-9751.

CHARMING VICTORIAN HOUSE. Sleeps 4/5 at central position in Oxford. Available August &/or Sept £200-250 week. Tel: 0865-739525.

WIMBLEDON TENNIS. House in quiet location, sleeps 6 plus. Easy access to courts. £650 week. 01-542-0310.

WIMBLEDON CHARMING 1 Bed Flat with easy access to courts. £250 week. Day 01 734 0152. Eve 01 947 8494.

ITALY

ITALY - ROME - Small furnished apartment, in heart of Rome, 50 meters to forum. 3 beds, all comforts. Weekly rentals. Free July 1st. Contact: Tel (39-2) 76004235 Italy after 7pm or (39-187) 600374 after June 23rd.

SUMMER RENTALS — ITALY

COSTA SMERALDA - SARDINIA ITALY For Rent: Beautiful small villa, luxuriously furnished, located in Piazzetta Dei Fiori, Porto Rafael. 30 kms distance Olbia airport. Lounge, 2 bedrooms, 2 bathrooms, terrace with splendid view on La Maddalena. Sleeps 7. July - August: 15 days: US$3,500. 30 days: US$6,500. September: 15 days: US$2,000. 30 days: US$3,500. Contact: Milan, Italy Tel: (39-2) 3458611. Fax: (39-2) 3311146.

BEAUTIFULLY RESTORED sixteen rooms renaissance period villa, located in Chianti in the heart of Tuscany. Available for rental July, August & September. This is an exceptional offering for the discriminating family or group requiring space luxury and privacy. Please call (39-55-853016

COSTA SMERALDA - SARDINIA. Porto Rotondo, splendid villa, right on sea. Large living, 4 double bedrooms, 1 single, 4 baths, 2 maid's rooms. Unique position. Weekly or monthly: July, August & Sept. Call France 1-46 37 14 85 or Germany 722 12073

PARIS & SUBURBS

APARTMENT, BEAUTIFUL, overlooking Luxembourg Gardens, 2 bedrooms, large living, large kitchen & bathroom, separate WC. Fully furnished. F10,000 per week. Maid service included 2 hours a day. Available July, August and September. Call 42.22.96.19.

PARIS 7TH, July and August, double living + bedroom, 5th floor (no lift) with large very sunny balcony, bathroom, kitchen, class. F8000/month + F10,000 deposit. Tel: Evenings (1) 45.48.71.39 or days 43.56.20.40 or weekends: 30.52.59.24.

NEAR CHANTILLY, (30 kms Paris), fabulous 3 story house, sleeps 8, 5 terraces, superb panoramic view, maid. July 1 - Aug 1-15. F30,000/month + deposit. Tel: for appointment 8-9am or 8-9pm 34 71 23 91 or 42 65 25 26

7TH INVALIDES: Weekly or monthly. July 5 - Sept 1. 100 sq.m. 4-room apartment + balcony, all equipped, + housekeeper. Possible exchange. Tel: (1) 45 50 43 78

PARIS, MONTPARNASSE, 80 sq.m. apartment, double exposition with view on gardens, up to 4 persons. F10,000 net/month. 43.35.09.00

PARIS - LES HALLES, July, Aug, Sept., large calm and sunny studio, 5th floor. Tel: Paris 42.72.48.41 or Nantes (16) 40.76.13.30.

CHATELET, 2 bedrooms, 85 sq.m. kitchen, big bath, all comforts. For July and August. F10,000/month. Tel: London 435-5444 or Paris 45.08.11.98.

PLACE PINEL, 3 room apartment with all facilities; double French windows, nice building. July and August. F6,000 per month. Tel: 45.83.57.13.

ST GERMAIN des Pres spacious flat, 4 rooms sleeps 8, living, dining, 2 baths. F4000/wk. Aug 8 -30. Mme Perche: 45495018 office/42224446 home

CHATEAU D'EAU, 10th, 2 rooms, fully furnished, character. By week or month. July 1st to end September. F3,000 per month. Tel: 42.09.93.15.

PARIS 7TH: JULY + AUGUST, 2-room luxury flat, fully equipped + garage. F10,000/month. Tel. Paris: 46.51.42.52 (office hours).

120 SQ.M. Denfert Rochereau (14th), 4 bedrooms, double living, quiet, 2/3 weeks from July 1. Parking, maid. F4,000/week. Tel: 45359662

SUMMER RENTALS — PARIS & SUBURBS

LUXEMBOURG, 6th, spacious 1 bedroom. June 25th to September 15th. Kosher/vegetarian. No smoking, pets. F6,000. Tel: 46.34.65.91 or 48.42.26.03.

PERE LACHAISE 2 bedrooms, bath, fully equipped. Sleeps 4/5. F6,000.- for July. Serious offers. Paris: 40.74.70.81. or 47 97 07 29 weekend

PARIS BASTILLE, JULY-AUG., superb 2-room, F3600/month. Tel: 48.07.27.66 after 8pm.

PARIS 15th, furnished apartment to rent. 75 sq.m., 3 rooms, July & August. F8,500 per month. Tel: 45.57.74.51.

BEAUTIFUL DUPLEX ON A GARDEN July 1989. Center of Paris. F8,000 per month. Tel: (1) 43 26.96.29.

NEAR PLACE DES VOSGES, fully equipped flat, 110 sq.m., to let for August. Tel: (1) 42.71.20.44.

MONTPARNASSE. Small furnished flat very quiet, kitchen, bath for July/Aug. F1000/week. Tel: 42 74 15 90

PARIS, EIFFEL TOWER, 2/3-room, 55 sq.m., calm. July, August. F2700/fortnight, F4900/month. (1) 45.79.22.97

PARIS BASTILLE July 28 - Aug. 28. 110 sq.m. loft style, 2 bedrooms, 2 baths. $1700. Paris 48052201, 6-10pm

ILE ST. LOUIS. Charming studio. Sunny, fully equipped. 40 sq.m. F4,900.- or US$ 700.- for July. Paris:43.29.67.94.

PARIS 6th SUPER LEFT BANK. July - Aug. 85 sq.m., sunny 3 rooms + dine-in kitchen, view. Tel: 46.33.87.62

BOULOGNE: cozy studio, July + Aug. F3000/month. Prefer female. Tel: (1) 46 21 76 82

BOULOGNE, 15 min. ETOILE, 115 sq.m. flat, 3 bedrooms, fully equipped. $3000/mo. 46.03.94.51 or 42.82.04.04

PARIS - BASTILLE Cheap studio, quiet, luminous, sleeps 2. F3,000.- July & F2,500.- August. Tel. 43.79.00.81.

PTE DE VERSAILLES: 4 rooms, kitchen, bath. For July. F6500/month. Tel: 45 61 36 40 office or 46 44 63 73 eves

ETOILE, BED AND BREAKFAST, Flats, 5 beds: F300 /day + studio 2 beds: F350 /day. Tel: 47.47.47.49 10am-9pm

ILE DE LA CITE Fully furnished 2 room, pied'a terre, by Notre Dame, for July. Very quiet & light. Tel. 43.25.14.27.

PARIS, Louvre-Bastille. Typical, convenient flats. July-Aug. Tel 43 25 53 56 or 42 71 18 92 (leave message).

PARIS-BOIS DE BOULOGNE, fully furnished studio, on garden, sun, color TV. Aug 26 - Sept 30. Tel: 46 38 79 46

ST. GERMAIN: SHARE PENTHOUSE (terrace with view, fireplace). $400/week/$1200/ month. Tel: 42.61.18.72.

ST GERMAIN DES PRES, 5-ROOM, 2nd fl., balcony, F15,000/month. Tel: (1) 45.48.09.76 evenings.

JARDIN DES PLANTES, rent July & Aug. 3 rooms, 4th floor, sunny, 70 sq.m. F2500/week. Tel: 47 07 19 54

CHAMPS DE MARS, FLAT for July & Aug. in calm street, near subway, 3/4 rooms. F6500/month. Tel: 45 75 35 46

ETOILE, PARC MONCEAU, STUDIO Terrace, south, calm, view garden. July-August. By week. Tel: 43.46.37.24.

MONTPARNASSE, 220 sq.m. atelier + terrace, 3 bedrooms, 2 baths. 15 July to 15 Aug. F20,000. Tel: 43.35.43.39.

PARIS 14th, SMALL HOUSE, garden. July, August and September. F5,000 per month. Tel: (1) 45.39.40.71.

NEAR PARIS AUGUST, 18th century country French. 5 bedrooms, 4 baths, furnished. $4,000. 512-824-7846 USA.

SUMMER RENTALS — PARIS & SUBURBS

2-ROOM FLAT, comforts, Place d'Italie. F2,500 per month. June, July, August. Tel: (1) 45.80.40.48.

SPAIN

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U.S.A

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HOTELS

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